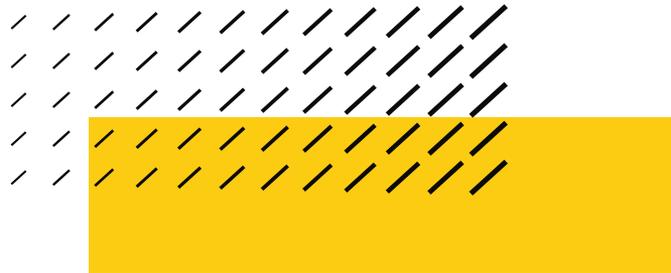


2023 CEO Transitions in Europe

Spencer Stuart has analysed every CEO transition since 2010 in each of the major European stock indices. Here we break down what the numbers mean for you as a board director, CEO or CHRO.

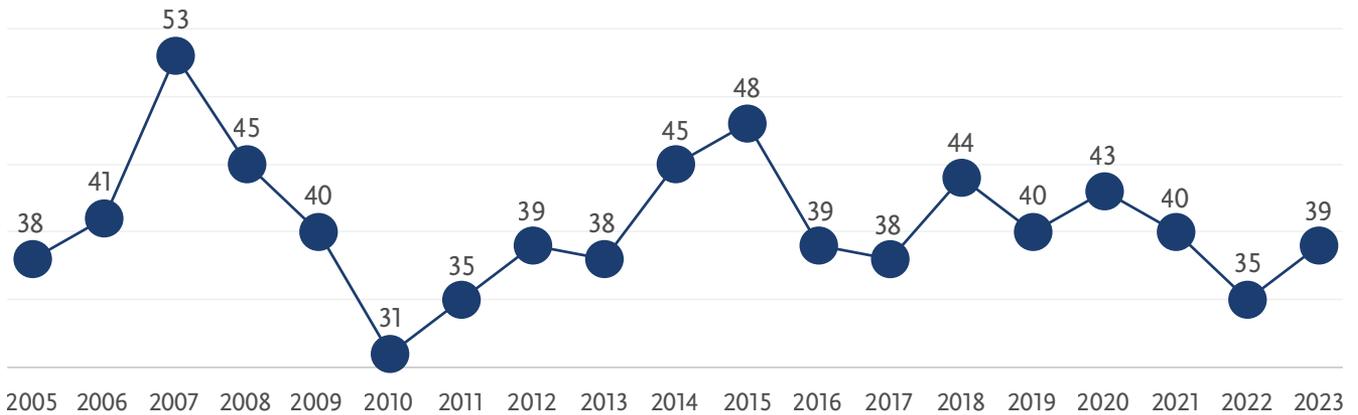
Spencer Stuart has long tracked CEO turnover among major European listed companies. In this report we look at leadership changes at the top of European business during 2023, together with data on CEO transition trends since 2010. We define a transition as the replacement of a permanent outgoing CEO with a permanent incoming CEO.



Transitions on the increase

CEO transitions have largely bounced back to pre-pandemic levels across Europe. During Covid we saw a decline in CEO appointments, just as we did in the wake of the Global Financial Crisis. In the midst of economic and social turmoil, many boards opted to retain leaders who might otherwise have retired, in order to capitalize on their experience and ensure continuity.

TOTAL NUMBER OF TRANSITIONS: 2005–2023



The highest rate of CEO turnover in 2023 was found in the UK, where there were 17 new appointments in FTSE 100 companies compared with just eight in 2022. In Belgium, by contrast, there were no permanent transitions, despite the arrival of a spinoff in the BEL 20 (Syensqo) and an interim appointment at Elia Group.



TRANSITIONS BY COUNTRY: 2023

Country	Companies	2023 transitions	Turnover
United Kingdom <i>FTSE</i>	100	17	17%
Switzerland <i>SMI</i>	20	3	15%
Spain <i>IBEX</i>	35	5	14%
Italy <i>FTSE MIB</i>	40	5	13%
Germany <i>DAX</i>	40	4	10%
Netherlands <i>AEX</i>	25	2	8%
Nordics <i>OMX Nordics</i>	40	3	8%
France <i>CAC</i>	40	2	5%
Belgium <i>BEL</i>	20	0	0%
Total	354*	39**	11%

* The following five companies are dual listed in more than one of these countries, which is why the total number of companies is 354 not 360: ABB Ltd, AstraZeneca, International Consolidated Airlines Group, RELX, Shell and Unilever.

** There were CEO transitions at Unilever and Shell, which are listed in Amsterdam and London. Both transitions are included in the UK and Netherlands above, hence the total number of actual transitions is 39, not 41.

The highest proportion of transitions could be found within the technology, media, telecommunications and software sector, whereas the most actual transitions happened in industrial companies, which dominate the index.

CEO TRANSITIONS BY INDUSTRY: 2023

Country	Number of transitions	Number of companies	Turnover
TMTS	6	37	16%
Consumer	9	69	13%
Healthcare	3	31	10%
Industrial	13	129	10%
Financial Services	8	90	9%
Total	39	355	11%

Gender diversity among CEOs remains low across Europe

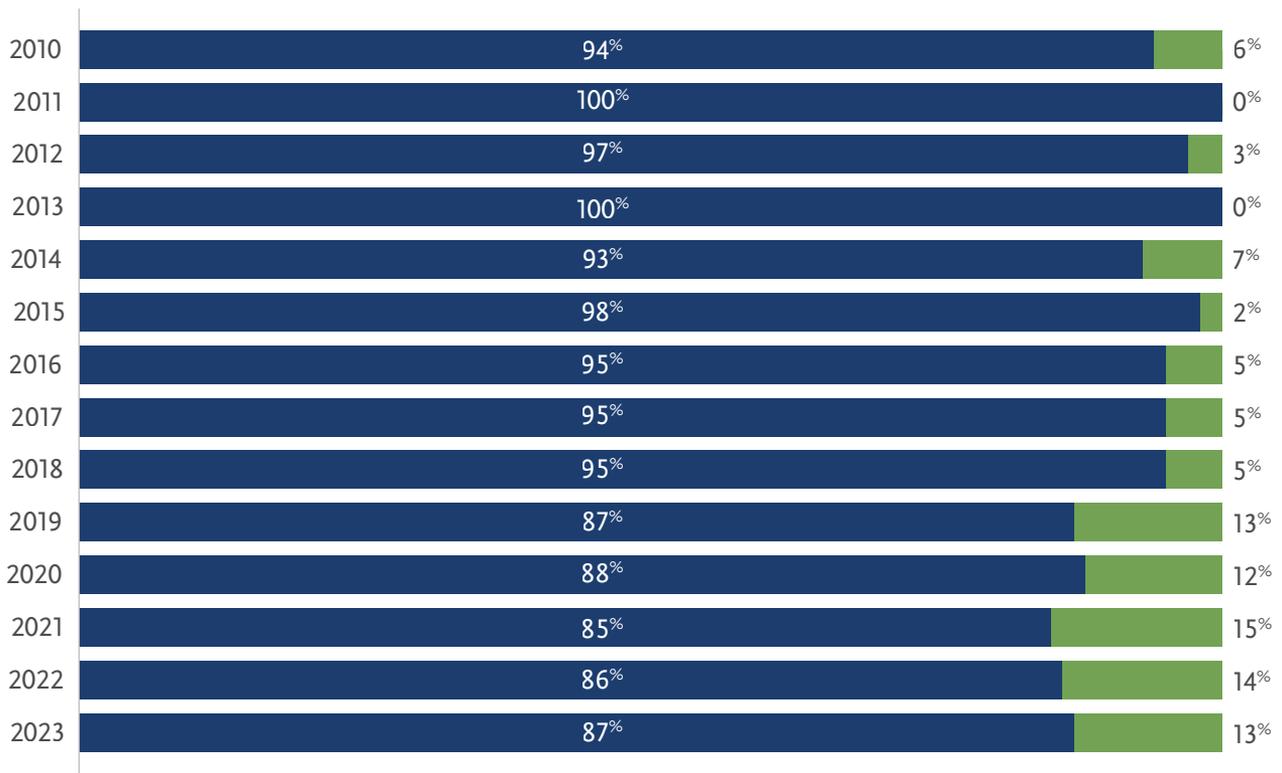
Just five out of the 39 CEOs appointed during 2023 were women (13%), bringing the total number of female CEOs in our sample of companies to 23 (6.5% of all CEOs). Of the eleven CEOs appointed in financial services and healthcare companies, none was a woman.

Following a noticeable uptick during 2019, there has been little improvement in the rate at which women have been appointed as CEOs. This stagnation is in stark contrast to the steady rise in female board director appointments, for example 40% in Germany, 46% in the UK and 65% in Sweden last year (see [Boards Around the World](#) for more information).

5

women out of 39 CEOs appointed during 2023

FEMALE CEO APPOINTMENTS SINCE 2010



■ Men ■ Women

Insider appointments

The majority of new CEOs in Europe (59%) were internal appointments, the same percentage as 2022. This is significantly below the US, where 70% of new CEOs appointed to S&P 1500 companies were internal. Consistent with our findings in the US, European healthcare companies hire a greater percentage of outsider CEOs than other industries. Insider appointments were predominant in both consumer (78%) and financial services (75%) sectors.

Of the 39 transitions during 2023, 17 (44%) CEOs had a seat on the board before being appointed to their CEO role. Of these 17, 12 held an executive role within the company, two served on the board for a short period as CEO designate, and three were non-executive directors before being appointed as the CEO.

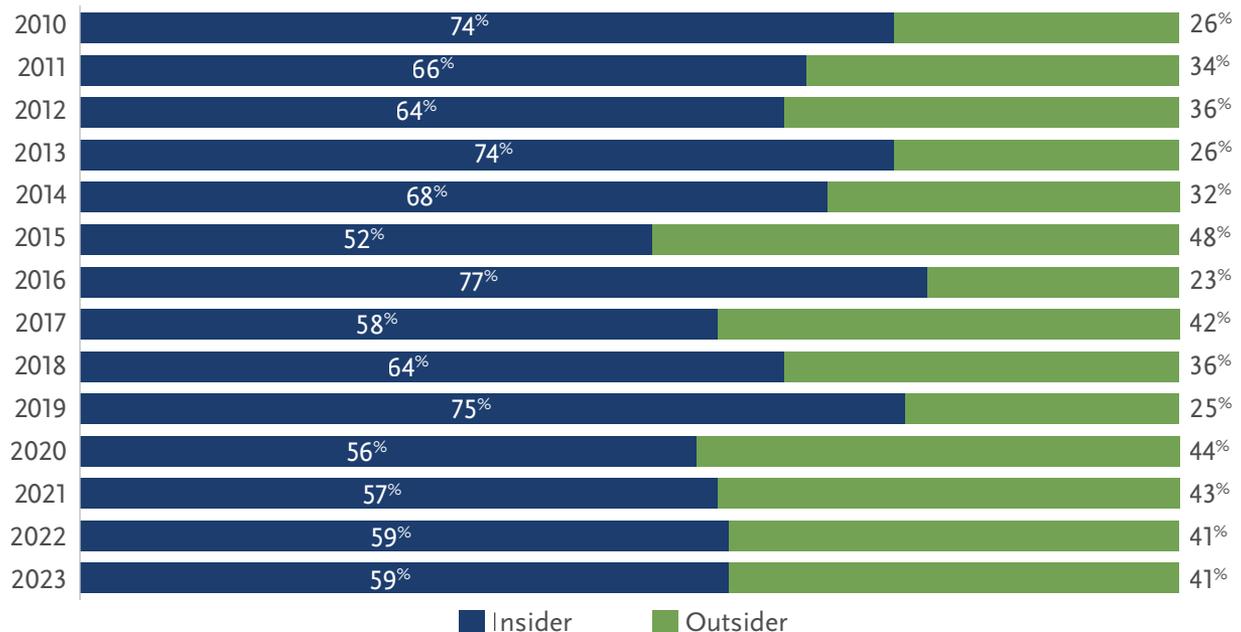


Who's an insider and who's an outsider?

Internal successors are internally promoted CEOs, former company C-suite executives/CEOs and "insider-outsiders," two-step appointments who were recruited from outside the company and promoted into the CEO role within 18 months.

External successors are externally recruited CEOs and include those appointed from the company's board of directors.

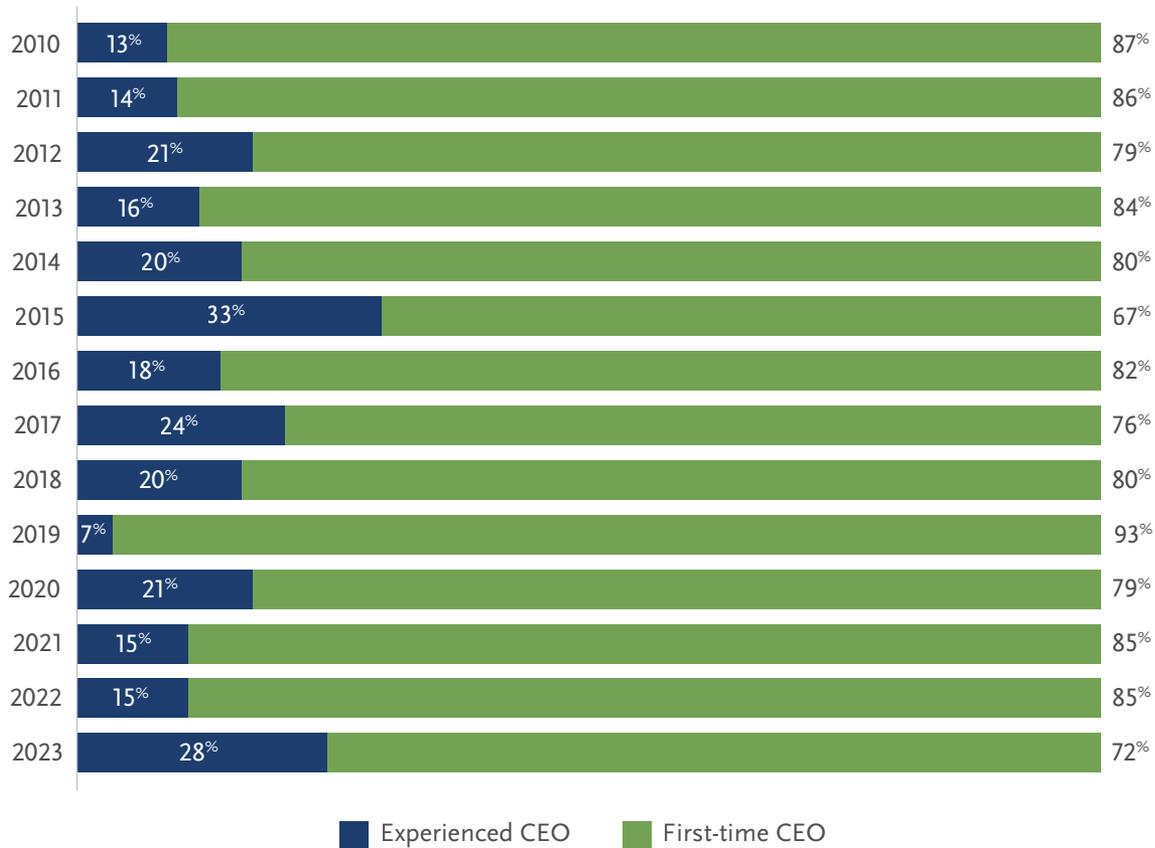
INSIDER/OUTSIDER CEOs: 2010-2023



The flight to experience

The proportion of CEOs with prior public company CEO experience doubled in 2023, further evidence that there has been a flight to experience in some companies. This increase was largely due to the fact that 41% of CEO appointments in the UK were experienced CEOs (an all-time high), compared with just 12% for the rest of Europe.

CEOs WITH PRIOR PUBLIC COMPANY CEO EXPERIENCE



Divisional CEOs are the most likely executives to be promoted to CEO

Our research shows that the majority of first-time CEOs appointed in 2023 came from a divisional CEO role (53%). Recent, hands-on P&L experience was probably considered critical by many of the European boards that went through a CEO succession process, although companies in our sample may equally have had multiple divisional CEOs in the frame for promotion, increasing the likelihood that one would be picked over other internal candidates such as functional leaders.

Former CFOs are less likely to be appointed as CEO (10%), with no CFOs promoted to the top job in any industrial, financial services or healthcare company during 2023. Only 10% of CEOs had previously held the role of president/COO, whereas in the US 60% of new S&P 1500 CEOs were promoted COOs or presidents.

Over the five-year period between 2018–2023, European financial services companies have shown a strong preference for divisional CEOs, whereas TMT companies have been more likely to appoint COOs and CFOs.

The proportion of “leapfrog” CEOs — those who have not previously been in one of the most senior executive roles — has halved in Europe since 2022 to 10%.

MOST NEW CEOs IN EUROPE WERE APPOINTED FROM FOUR “LAST MILE” ROLES

53%

Promoted from a divisional CEO role

10%

Promoted from CFO

10%

Promoted from a COO or president role

10%

“Leapfrog” appointments from below the C-suite

Remaining appointments came from a range of other roles.



Why do CEOs leave?

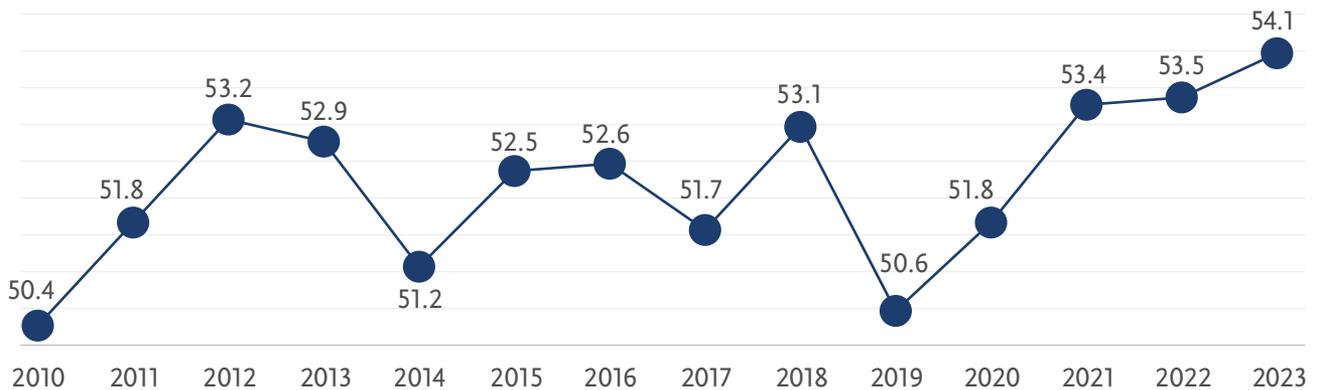
In 2021, 28% of departing CEOs resigned under pressure, whereas in 2023, only 10% of departing CEOs resigned. The remaining 90% were reported to have retired or stepped down for roles elsewhere.



Average age at start for new EMEA CEOs

Since the onset of COVID-19, there has been a steady and notable increase in the average age of newly appointed CEOs, with 18% over 60 at the time of appointment, a historical high. We saw a similar increase in average age of CEOs appointed in the wake of the Financial Crisis, suggesting that deeper experience may have been a factor in some appointments. CEOs appointed to financial services companies had the highest average age of any sector, an average that has increased from 50 to 57.5 years since 2019.

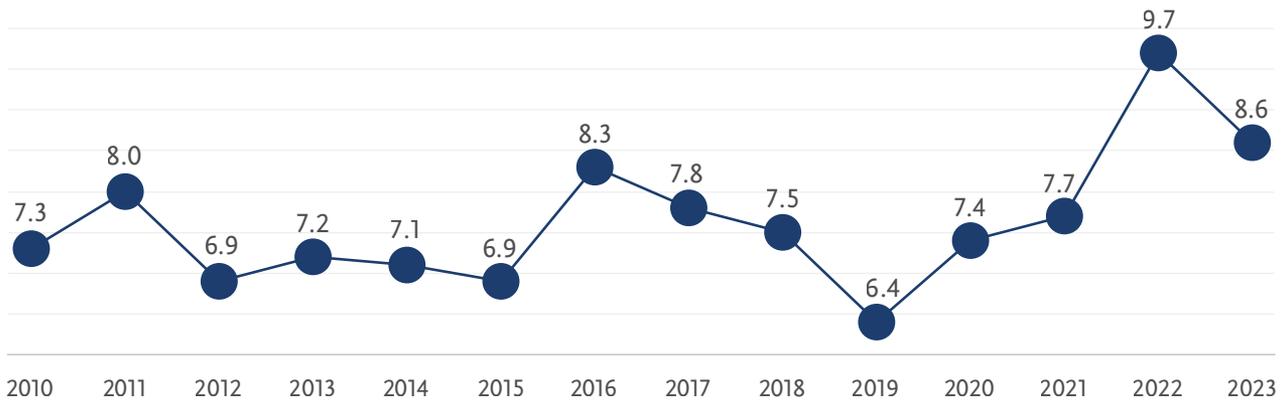
AVERAGE AGE AT APPOINTMENT



CEO tenure and age at departure

The average tenure of departing CEOs remains high despite peaking at 9.7 years in 2022. Consistent with other data in this report, it would appear that many of the CEOs who stayed on longer due to the pandemic are only now stepping out of the role. Likewise, the average age of departing CEOs also remains historically high at 59.9 years after a similar peak in 2022.

AVERAGE TENURE OF DEPARTING CEOs



Separating the chair and CEO roles

2023 was the first year since 2010 that none of the newly appointed European CEOs in our sample also assumed the role of chair at their start date¹; in 2022, 18% of CEOs did so. This is evidence of a longer-term trend towards separating the roles both sides of the Atlantic. It is interesting to note that a growing number of boards in the US have appointed an executive chair to work alongside the CEO and smooth the transition from a long-time CEO to an internal candidate or to provide continuity following an external CEO appointment.



¹ Thomas Glanzmann, who had been appointed as chair at Grifols in February 2023, assumed the role of CEO three months later.



About Spencer Stuart's Board & CEO Practice

Drawing on our deep understanding of the challenges facing boards and CEOs, along with our groundbreaking research on CEO and board performance, our consultants help boards, CEOs and CHROs navigate the high-stakes leadership decisions that make a critical difference for the future of their teams and organizations.

About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit www.spencerstuart.com.

