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Older CEOs Are Keeping Their Jobs Longer Thanks to the Bull Market

By Jeff Green
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Top executives are the oldest since at least 2001, study says
CEO tenure is almost 11 years, longest since 2009 recession

The bull market is getting older. So are the CEOs powering it.

As the U.S. enters the ninth year of economic recovery, big company chief executive officers are, on average, as old as they've been in at least 17 years, according to a study released today by the Conference Board and recruiter Heidrick & Struggles.

About 10 percent of the CEOs in the S&P 500 are 65 years old or older, working well past the traditional retirement age. Warren Buffett is the oldest, at 88.

The aging of the C-suite is driven by complementary factors. Executives aren't eager to retire, and directors are increasingly comfortable keeping them around. Earlier this year, Merck & Co. directors voted to eliminate a mandatory retirement age to keep Kenneth Frazier in the job after he turns 65.

"If you have to choose between a prolonging the tenure of an executive who's performing well, rather than facing the uncertainties that are inevitably linked to a CEO succession, well, obviously you go for the first, right?" said Matteo Tonello, managing director for corporate leadership at the Conference Board.

In 2017, chief executive officers were 58 years old on average, up from an average age of 55 a decade ago, according to the report. They're also keeping their jobs longer: Average tenure is up to 10.9 years, the most since 2002.

Sixteen CEOs have been running the same companies for at least 25 years, including Leslie Wexner, who's led L Brands Inc. for 55 years, making him the longest-serving executive in the S&P 500.

Wholesale and retail industries are an exception to broader corporate stability. The industry had the highest CEO succession rate in 2017, said Jeff Sanders, a vice chairman at Heidrick & Struggles.

"If you look at the sectors where the turnover was quite high, in both retail and wholesale, those are the ones that are probably facing the biggest disruption, particularly by Amazon," Sanders said. "If you're in retail or wholesale, you might even want somebody who has either pure-play digital, so coming from a digital company themselves or coming from a company that's made the leap as a successful digital transformation."

If the economy slows or the recovery ends, the fealty to aging CEOs may weaken along with it, Tonello said. In times of strain, companies feel more pressure to make changes: At the peak of the recession of 2009, average CEO tenure was only 7.2 years, the shortest span recorded by the study, he said.