CORPORATE BOARD MEMBER

# 5 Trends To Help You Land The CEO Job

By **Matteo Tonello and Bonnie Gwin**

A new analysis by The Conference Board and Heidrick & Struggles documents the latest CEO succession trends in the S&P 500. Here are five that should grab the ear of any leader wanting the corner office.

### #1 – Expect a wave of CEO openings

Last year, a record 17 percent of CEOs reached retirement age. Since most of these Baby Boomers will call it quits sometime in the foreseeable future, candidates looking to take the helm can soon expect a swell of vacancies. This plentiful market has already begun taking root, as the number of age-related openings has grown slowly but steadily over the last few years.

Another benefit for budding CEOs, they can expect to hear about vacant positions sooner. More and more companies are crafting succession plans and announcements early to help avoid surprising shareholders and other market participants. The average notice of a succession event rose to 100 days in 2017, an increase from 80 days just a year earlier. That gives potential successors more lead time to prepare their cases for the top seat.

**#2 – Your performance will play a bigger role in whether you stay or go**

In 2017, CEOs at better-performing companies left their jobs at a rate of just 7 percent. That's the lowest rate for this group of performers since the early 2000s.

Their impressive tenure results, in part, from a growing number of companies enacting more rigorous metrics of long-term financial performance. As just one example, shareholders have pressured many into disclosing the relationship between the compensation paid to executives and the company's financial performance. While it's true that performance has been fueled by an exceptionally long bull market, those CEOs capable of meeting their boards' expectations have been rewarded with a prolonged tenure. After all, why replace something that isn't broken?

While this more transparent, data-driven environment will benefit high-performing CEOs with even greater job stability, poor-performing CEOs will likely face more scrutiny for the same reason. And it could tie the hands of board directors by limiting their ability to save and vouch for CEOs in hot water.

**#3 – If you go into retail, brace for disruption**

Among all companies in the S&P 500, about 11 percent of CEOs departed in 2017. But the story looks a whole lot different in retail and wholesale: There, the succession rate clocked in at more than double, at nearly 23 percent. Add to that the fact that nearly 40 percent of *those* came from firings, and a genuinely scary trend emerges: The perils facing retailers and wholesalers thanks to Amazon and e-commerce reach all the way to the top.

Aspiring CEOs should also brace themselves if they're looking for a job in the retail industry's close relative: manufacturing. Another embattled industry, manufacturing saw a near-doubling of CEO departures, from about 8 percent in 2016 to 14 percent in 2017.

**#4 – Outsiders are in**

At S&P 500 companies, 44 percent of last year's open CEO jobs went to outsiders. The list of outside appointments reveals a common trait: Many came to companies in sectors facing much disruption, including retail and manufacturing.

Over the last five decades, the trend of appointing outsiders has overall gained momentum. Back in the 1970s, outsiders made up just about 8 percent of incoming CEOs at S&P 500 companies; by the 1980s they comprised about 10 percent and hovered around 20 percent in the 1990s and for most of the 2000s. The seemingly inevitable rise of competition and disruption will continue leading to vast shake-ups at the top echelons of companies.

**#5 – Women made record progress, but still face a steep uphill battle**

The number of women CEOs at S&P 500 companies rose to 27 last year. While that marks an all-time high, hold the champagne: If the rate of the last two decades holds, women would only hold around 100 chief executive seats by 2040.

Progress can and should accelerate. Having more women serve on boards would be a good first step. Studies have shown that companies with more gender-diverse boards are more likely to appoint a female as their CEO. To end on a positive note, this year board diversity has made big strides. From January to May, women made up about a third of new board directors at the 3,000 largest corporations in the U.S.