

## News Release

For more information: [joseph.dibiasi@conference-board.org](mailto:joseph.dibiasi@conference-board.org)

### Report: Number of Women CEOs Declines, and Personal Misconduct Leads to Record CEO Firings

**NEW YORK, November 20, 2019**...Despite growing calls for gender diversity, the number of women CEOs in the S&P 500 dropped by nearly 20 percent in 2018. At the same time, corporate America took decisive action against harassment: In the S&P 500, companies ousted five CEOs in 2018 due to #MeToo-related misconduct, representing more than 40 percent of all CEO dismissals.

The findings come from a new report published by The Conference Board, supported by Heidrick & Struggles. The study examines CEO succession events announced in the S&P 500 in 2018, comparing historical data that The Conference Board has been collecting since 2001.

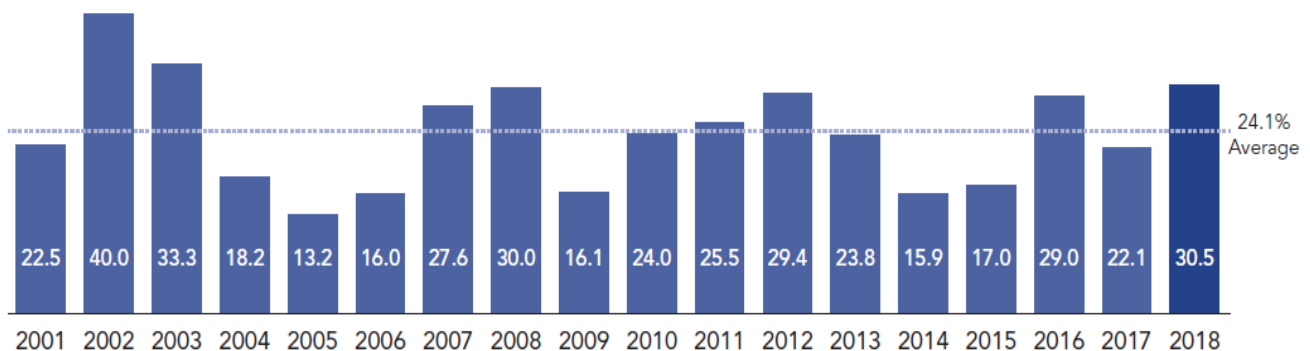
Key findings from the new report include:

#### 1) CEO firings reach a historic high

- Nonvoluntary departures climbed to 30.5 percent, up almost eight percentage points from 2017.
- #MeToo-related oustings accounted for nearly half (five) of the 12 dismissals, compared to just one CEO departure for personal misconduct in the S&P 500 from 2013-17.

#### Disciplinary departures (2001–2018)

Disciplinary departure rate, percent



Source: The Conference Board, based on raw data from Center for Research in Security Prices (CRSP), 2019.

“With the rise in CEO departures and as the CEO role continues to evolve, we’ve continued to see the need for boards to proactively plan for a range of scenarios and to make succession planning a high priority,” said Jeff Sanders, Vice Chairman and Co-Managing Partner of the CEO & Board Practice, Heidrick & Struggles.

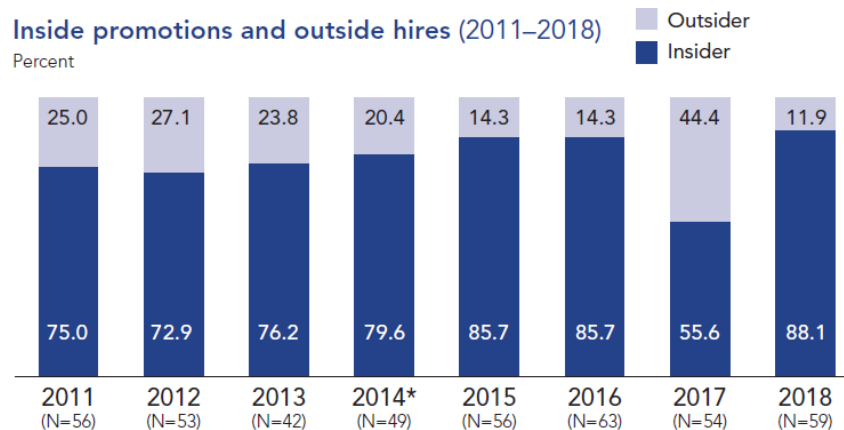
## 2) Number of women CEOs declines by nearly 20 percent

- At the end of 2018, women held 22 CEO positions in the S&P 500, down from a record 27 in 2017.
- Last year, just one additional woman joined the CEO ranks: Kathy Warden of Northrop Grumman.

“While the number of women CEOs has increased significantly since the report began – reaching their highest levels in 2017 – the trend has suddenly reversed with the number of women CEOs dropping to pre-2016 levels,” said Bonnie Gwin, Vice Chairman and Co-Managing Partner of the CEO & Board Practice, Heidrick & Struggles. “As companies increasingly look inward for their next CEO, companies must do more earlier to develop and train high-potential women leaders and add them to their CEO-ready lists.”

## 3) Insiders claim almost all vacant positions

- Insiders assumed nearly 90 percent of the open CEO positions in 2018 (52 out of 59 openings).
- Of the 52 insiders who became CEOs, 20 of them had at least two decades of experience at the company. This reflects the value that boards place on continuity and in-depth organizational knowledge when selecting a leader.



\* N=49 in 2014 because 2 departures had yet to name successor.

Source: The Conference Board, based on raw data from company SEC filings, the Compustat Executive Compensation (ExecuComp) database, and other public sources, 2019.

## 4) Long tenures continue

- In 2018, departing CEOs had stayed in their roles for an average of 10 years.
- After hitting a low of nearly seven years following the Great Recession, CEO tenure has increased almost every year over the past decade. It reached the 10-year mark in three of the past four years.

### Departing CEO tenure (2001–2018)

Average tenure as CEO (in years)



Source: The Conference Board, based on raw data from company SEC filings, the Compustat Executive Compensation (ExecuComp) database, and other public sources, 2019.

“The rate of succession among older chief executives continues to climb, and there are still more CEOs aged 75 and over than there are CEOs under the age of 45,” said Matteo Tonello, Managing Director of ESG Research at The Conference Board’s ESG Center and the principal author of the report. “In the coming months and years, a softening economic environment may very well unfold. Boards should be prepared, given a slowdown would likely spur an acceleration of CEO retirements and tightening of the market for top talent.”

“A buoyant market environment and quality leadership development programs are likely key contributing factors to the lengthening of CEO tenure and the overwhelming elevation of insiders to the CEO position,” said Jason Schloetzer, Associate Professor of Business Administration at Georgetown University’s McDonough School of Business and a co-author of the report.

### **5) Low turnover for retail and wholesale CEOs**

- In past years, retail and wholesale CEOs often suffered the highest rate of turnover. But in 2018, the retail and wholesale sector experienced a succession rate of just seven percent, compared to 12 percent across the whole S&P 500.
- This suggests the reported “retail apocalypse” may have run its course or, at the very least, slowed down substantially.

### **6) High dismissal rates for consumer products and transportation CEOs**

- The transportation industry and consumer products sector dismissed CEOs at the highest rates: nonvoluntary departures were 40 percent and 33.3 percent, respectively.

Media can contact The Conference Board for a copy of the full report.

#### **About The Conference Board**

The Conference Board is the member-driven think tank that delivers trusted insights for what’s ahead. Founded in 1916, we are a non-partisan, not-for-profit entity holding 501 (c) (3) tax-exempt status in the United States. [www.conference-board.org](http://www.conference-board.org)

#### **About Heidrick & Struggles**

Heidrick & Struggles (Nasdaq: HSII) serves the senior-level talent and leadership needs of the world's top organizations as a trusted advisor across executive search, leadership assessment and development, organization and team effectiveness, and culture shaping services. Heidrick & Struggles pioneered the profession of executive search more than 60 years ago. Today, the firm provides integrated leadership solutions to help our clients change the world, one leadership team at a time.® [www.heidrick.com](http://www.heidrick.com)