
2015 CEO Success study



Global findings

About the 2015 CEO Success study

Strategy&, PwC's strategy consulting business, annual study of worldwide CEO succession patterns examines the degree, nature, and geographic distribution of chief executive changes among the world's 2,500 largest public companies.

The Rise of the Outsider CEO

Hiring an executive from outside a company to serve as chief executive officer used to be seen as a last resort — something that typically happened when a board of directors had to force out the incumbent CEO suddenly, or had failed to groom a suitable successor, or both. Over the last several years, however, more companies have deliberately chosen an outsider CEO, more often than not as part of a planned succession. In this year's report, we look at the data on outsider CEOs and the circumstances in which outsiders are being hired. In addition we have our annual analysis on CEO turnover, the 2015 incoming class of CEOs, and women CEOs

Outsider CEO summary

Companies are now making a deliberate choice in their succession planning to bring in outsider CEOs. In the latest four-year period (2012–15 boards chose outsiders in 22 percent of planned turnovers, up from 14 percent in 2004–2007. That represents a 50 percent increase in the rate of outsider selection.

Industries experiencing the most disruption have brought in higher-than-average shares of outsider CEOs. These industries include telecommunications (38% incoming outsider CEOs from 2012 to 2015), utilities (32%), healthcare (29%), and energy (28%).

Outsider CEOs were *more* likely to be hired if the:

- Company was low performing
- Chairman did not have CEO experience in the same company
- Former CEO was also an outsider

Outsider CEOs were *less* likely to be hired if the:

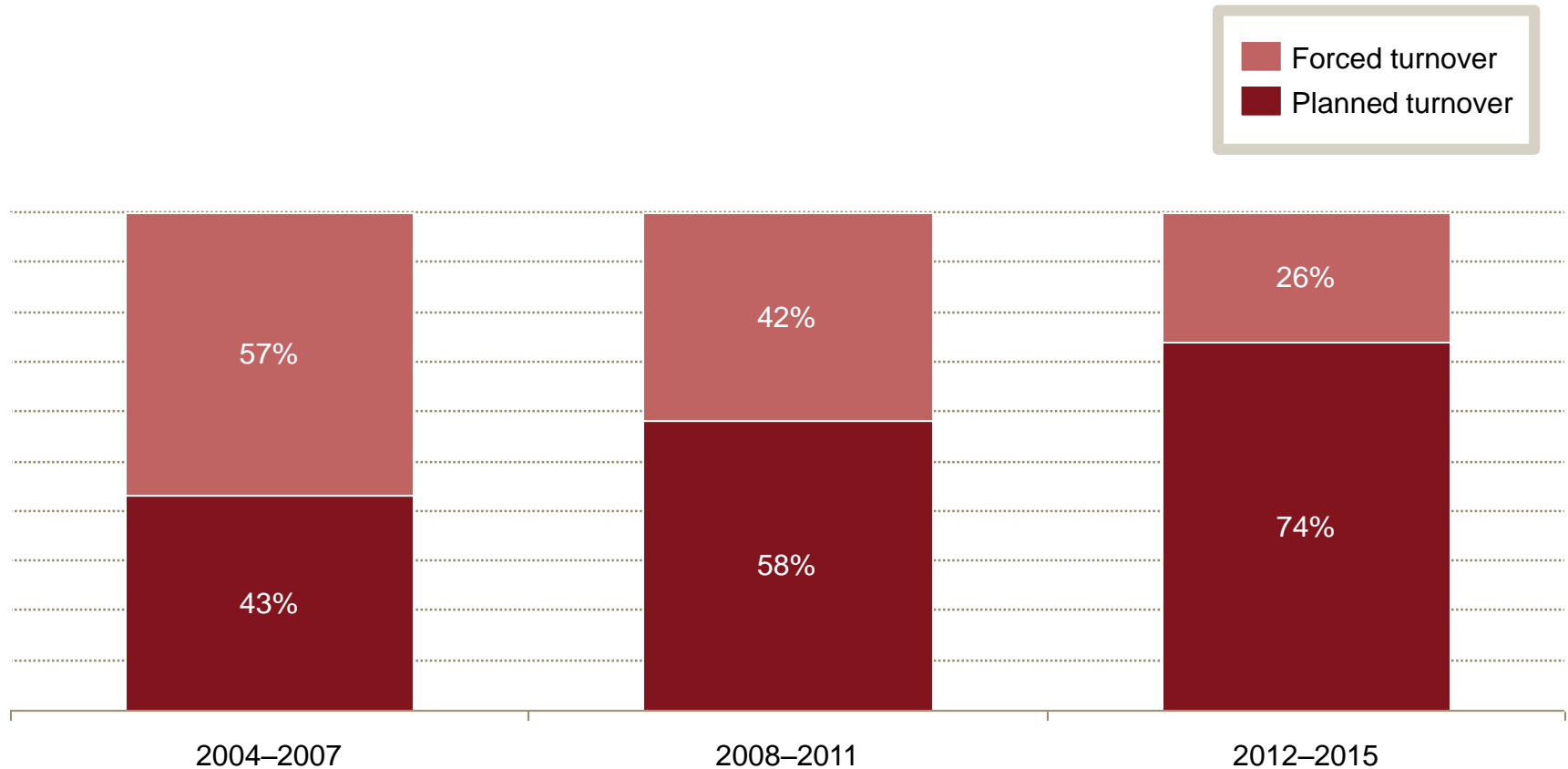
- Chairman was hiring their first CEO at the company
- Former CEO had a long tenure
- Company was large

Outsider CEOs have closed the performance gap with insiders. For the third straight year, outsider CEOs have delivered higher median total shareholder returns than insiders.

Western European companies in general are hiring outsiders more reactively than proactively. Western European companies hire almost double the share of outsider CEOs compared with companies in the U.S./Canada. Additionally, outsider CEOs in Western Europe are significantly more likely to be appointed to low-performing companies and more likely to be forced out.

More outsider CEOs now come in via planned successions, showing that hiring an outsider is more of a deliberate choice than a necessity

Incoming *outsider* CEOs by turnover type
2004–2015

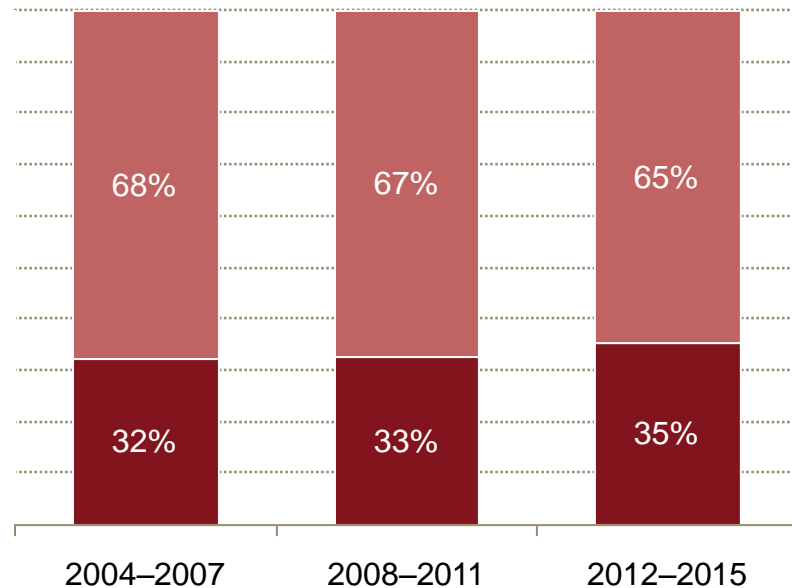


Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.
Source: Strategy& 2015 CEO Success study

Outsiders now account for more than a fifth of all CEOs hired via planned turnovers

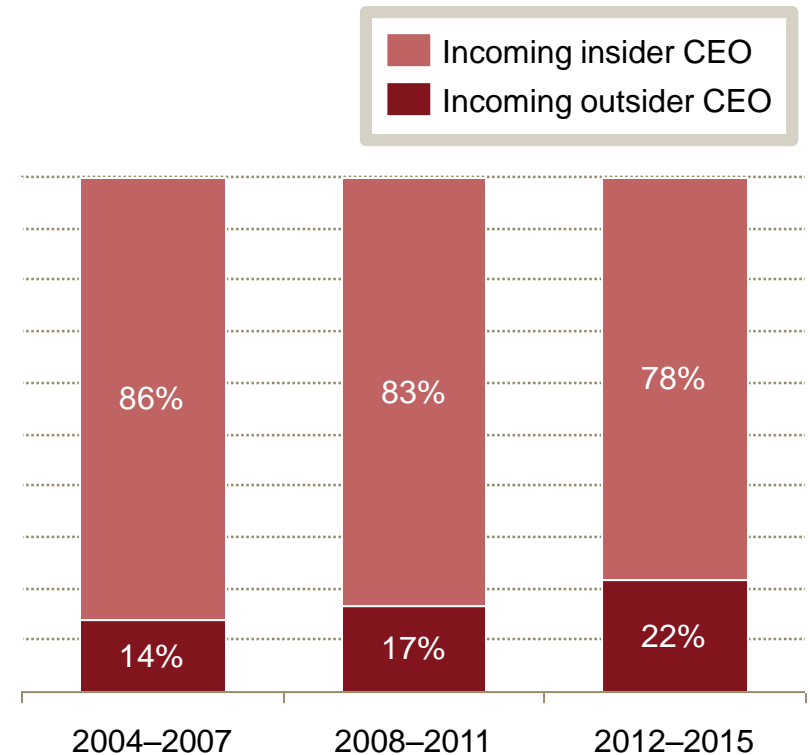
Incoming CEOs via *forced* turnover by insider/outsider pedigree

2004–2015



Incoming CEOs via *planned* turnover by insider/outsider pedigree

2004–2015



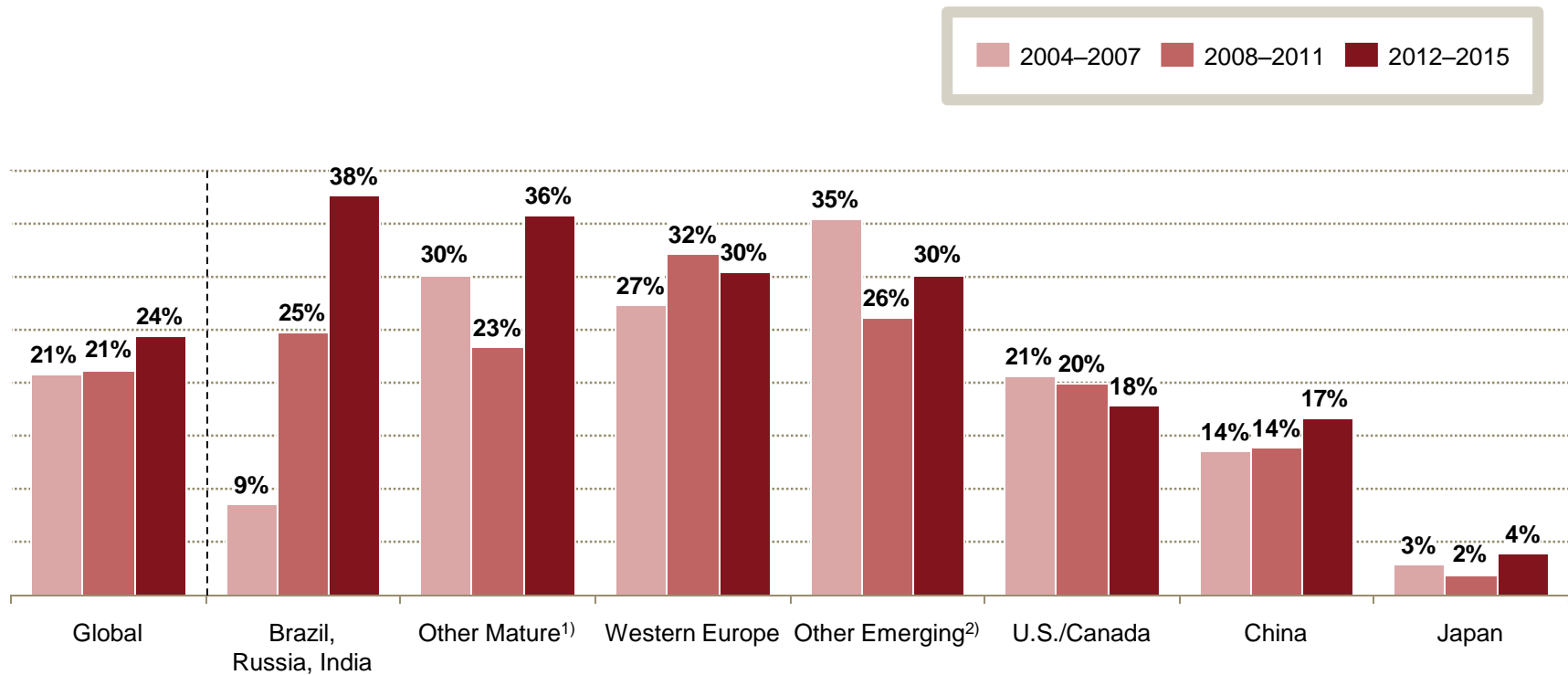
Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

Western European companies hire outsider CEOs almost twice as frequently as companies in the U.S./Canada

Percentage of incoming *outsider* CEOs by region

2004–2015



1) "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, Korea.

2) "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam.

Note 1: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

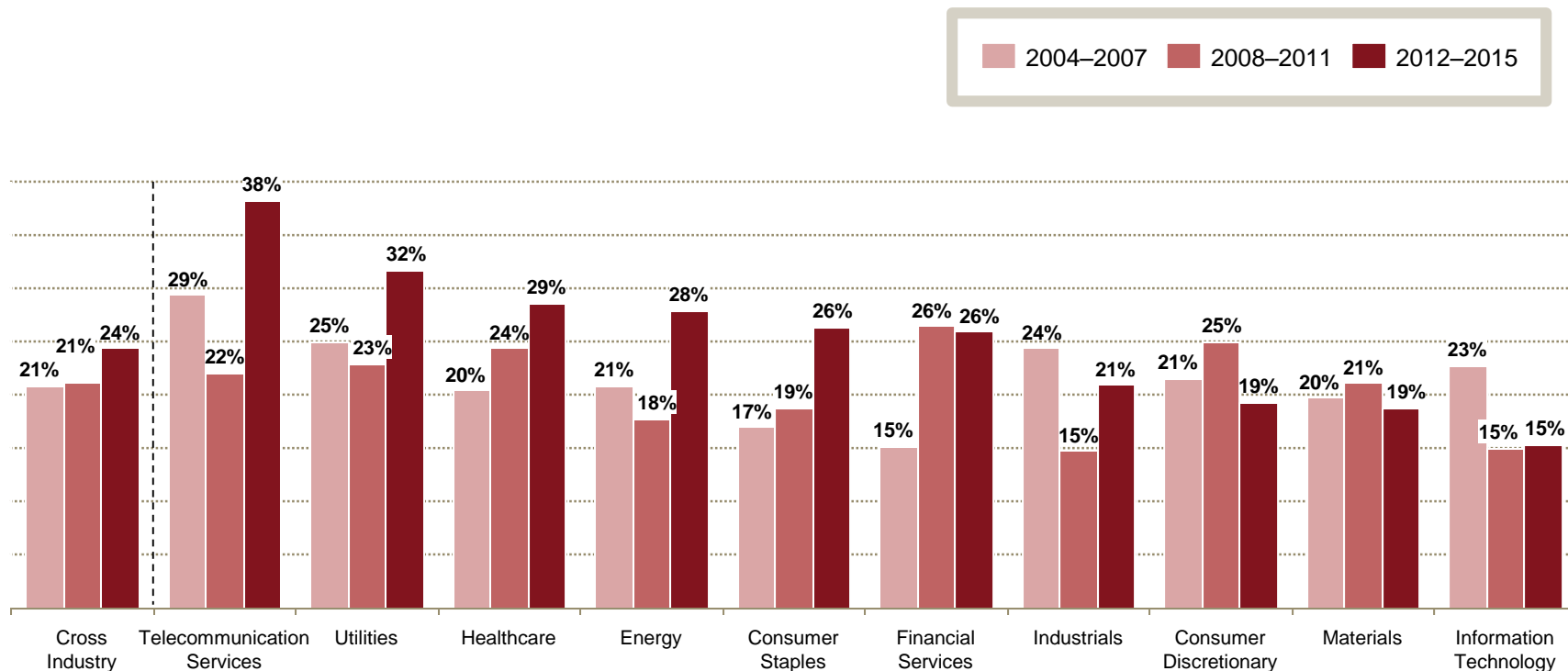
Note 2: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

Industries experiencing the most disruption have brought in higher-than-average shares of outsider CEOs

Percentage of incoming *outsider* CEOs by industry

2004–2015



1) "Consumer Discretionary" includes automobiles and components, consumer durables and apparel, consumer services, media, and retailing.

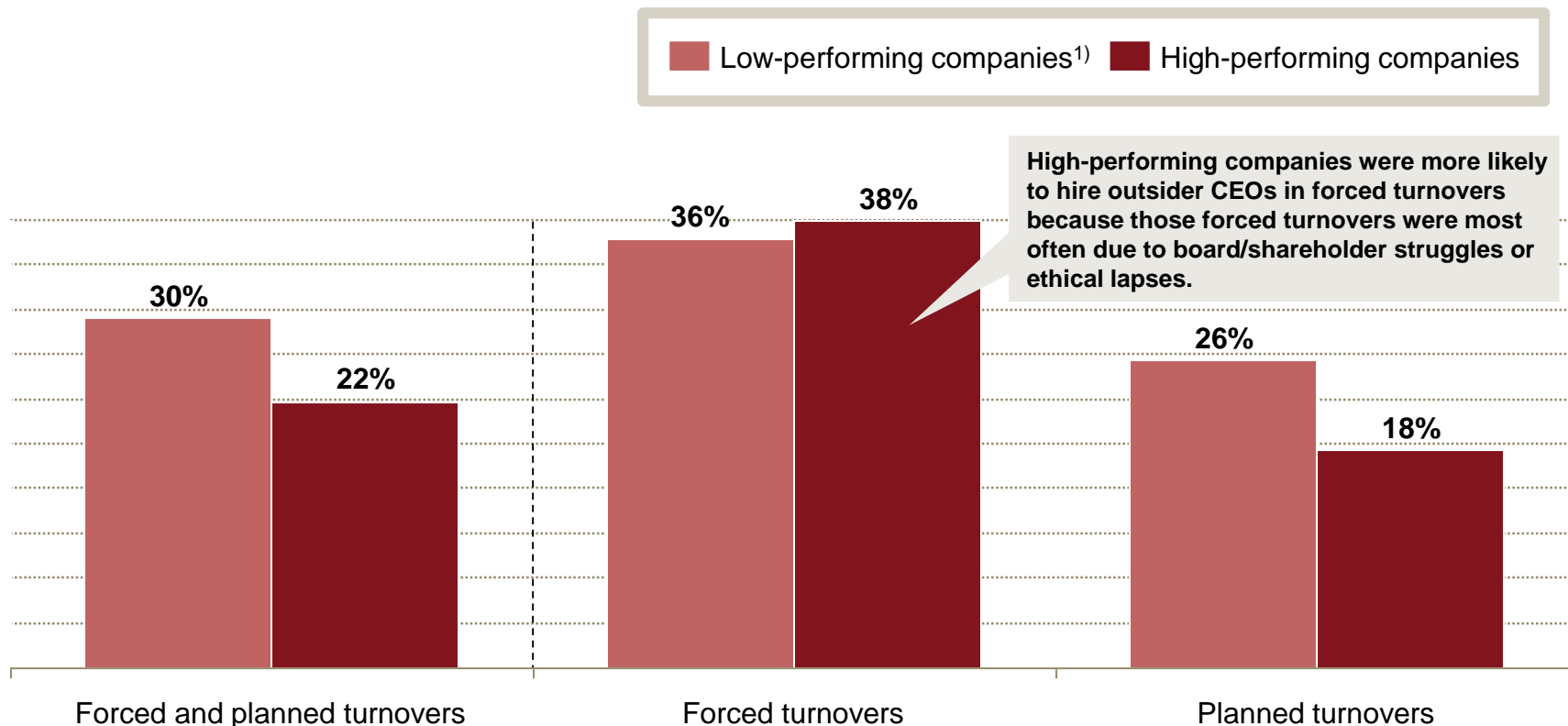
Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

Low-performing companies were more likely to hire outsider CEOs than high-performing companies, except in forced turnovers

Percentage of incoming *outsider* CEOs by company performance and turnover type

2004–2015



1) Low-performing companies are defined as companies whose annualized regionally adjusted total shareholder returns were in the bottom quartile over their outgoing CEO's tenure. High-performing companies are defined as companies whose annualized regionally adjusted total shareholder returns were in the top quartile over their outgoing CEO's tenure.

Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

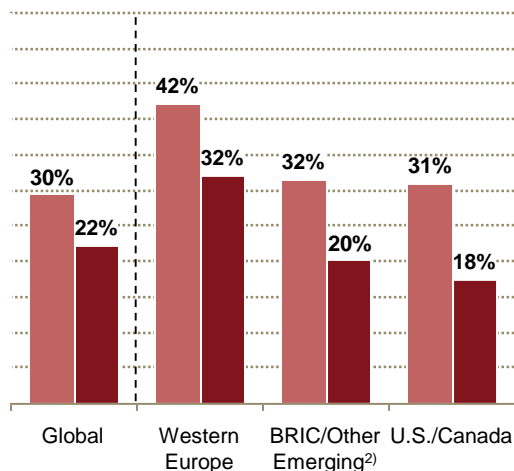
Low-performing Western European companies were much more likely to hire an outsider CEO in forced turnover situations than companies in the U.S./Canada

Percentage of incoming *outsider* CEOs by company performance and turnover type

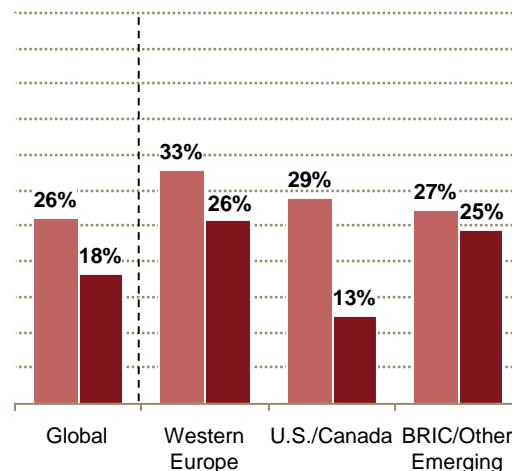
2004–2015

Low-performing companies¹⁾ High-performing companies

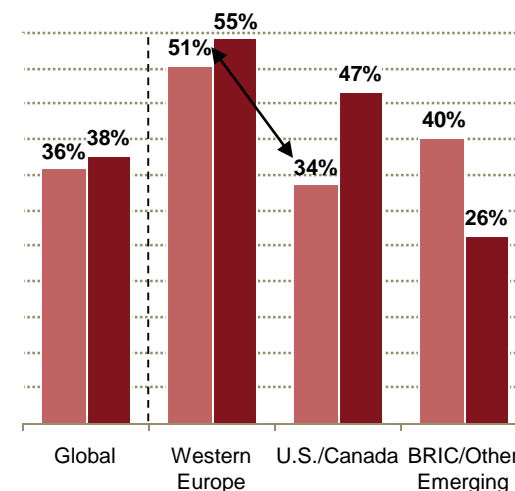
Forced and planned turnovers



Planned turnovers



Forced turnovers



1) Low-performing companies are defined as companies whose annualized regionally adjusted total shareholder returns were in the bottom quartile over their outgoing CEO's tenure. High-performing companies are defined as companies whose annualized regionally adjusted total shareholder returns were in the top quartile over their outgoing CEO's tenure.

2) "BRIC/Other Emerging" economies include Brazil, Russia, India, China, Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam.

Note 1: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

Note 2: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

Outsider CEOs were more likely to be hired if the chairman did not have CEO experience in the same company or if the former CEO was also an outsider

Incoming CEO pedigree by outgoing CEO pedigree

2004–2015

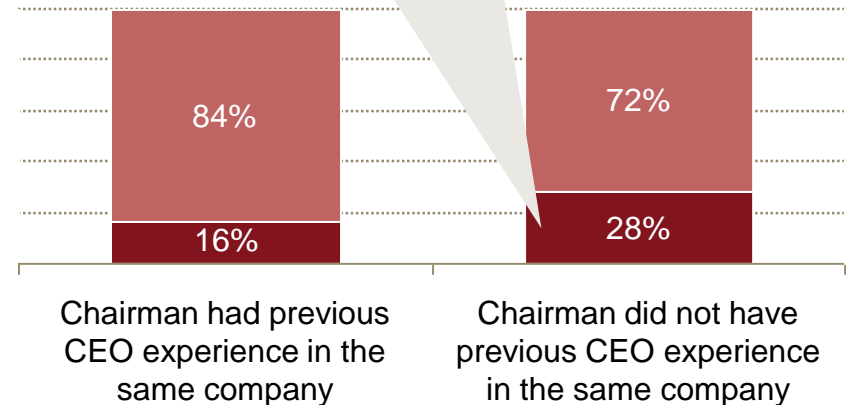
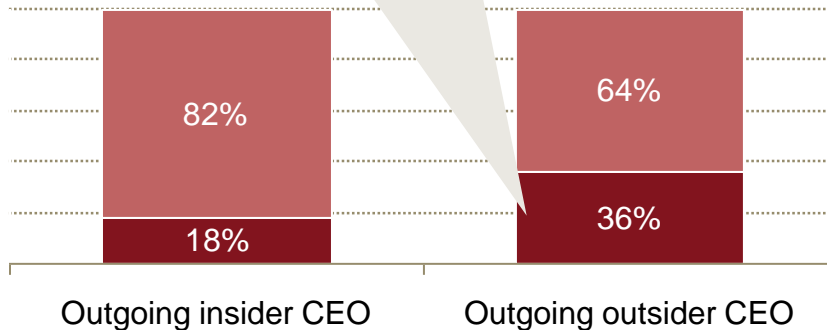
Incoming CEO pedigree by chairman pedigree

2009–2015

■ Incoming insider CEO
■ Incoming outsider CEO

If the outgoing CEO was also an outsider, 36% of the time they were replaced with another outsider CEO.

If the chairman did not have CEO experience in the same company, an outsider was hired 28% of the time.



Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

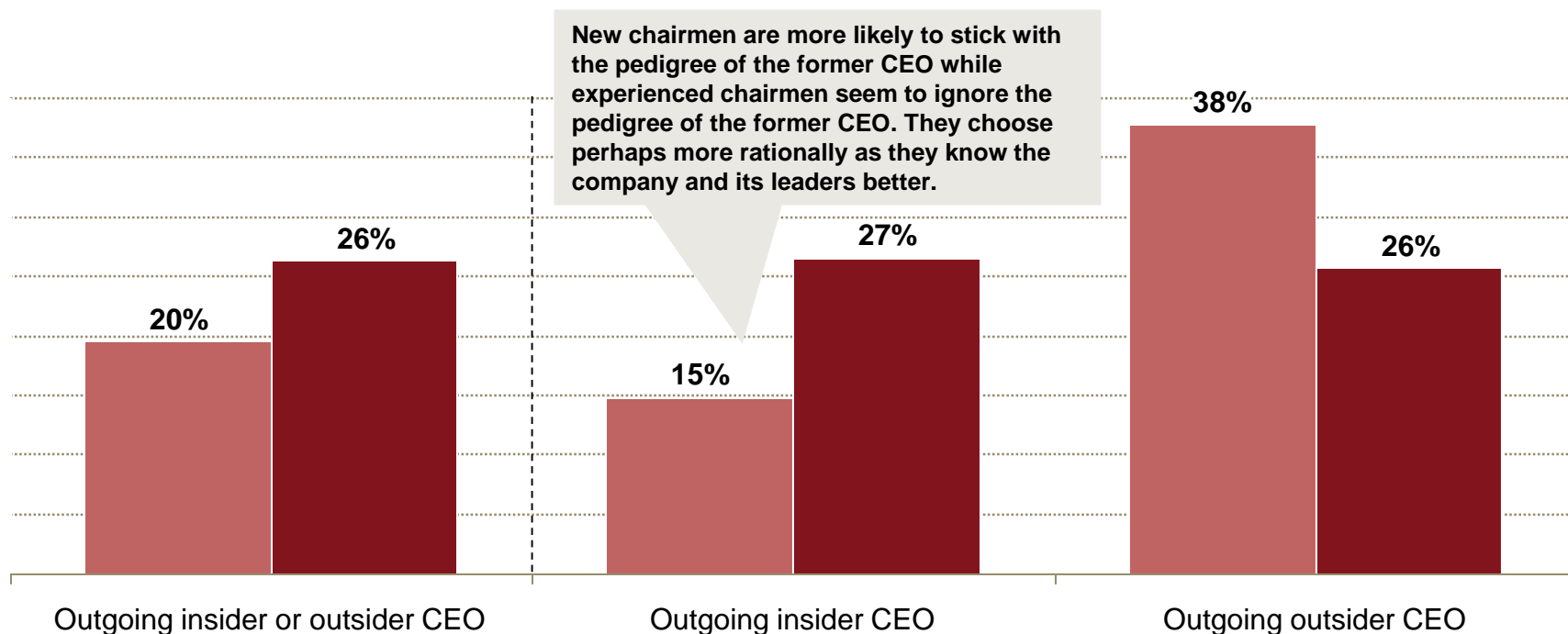
Source: Strategy& 2015 CEO Success study

Chairmen who are hiring their first CEO at the company are less likely to appoint an outsider CEO unless the former CEO was also an outsider

Percentage of incoming *outsider* CEOs by whether it was the chairman's first CEO appointment at the company and former CEO pedigree

2009–2015

■ Chairman's first CEO appointment at the company ■ Not chairman's first CEO appointment at the company



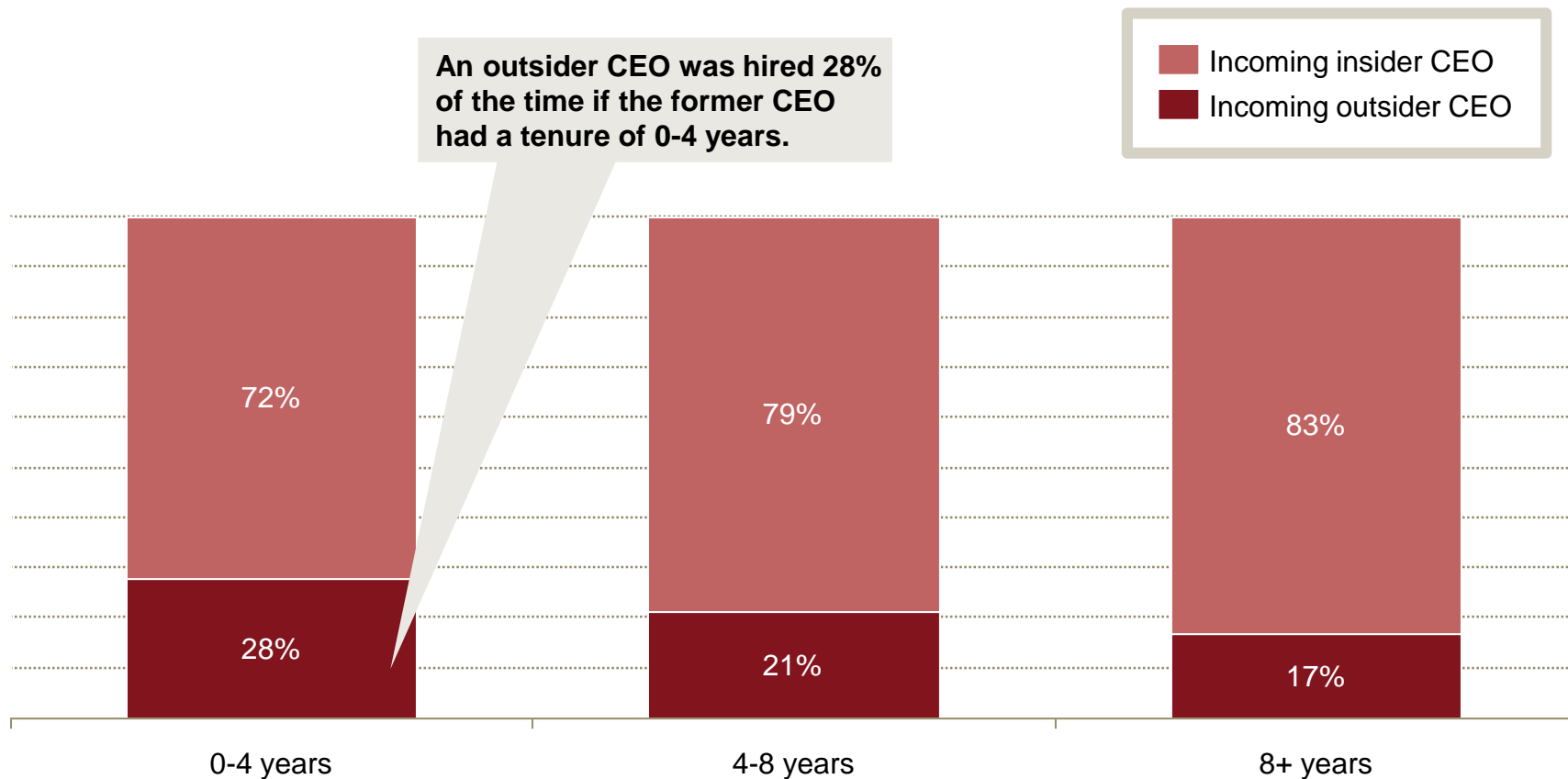
Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

The longer the tenure of the former CEO, the less likely an outsider CEO was to be hired

Incoming CEO pedigree by tenure of former CEO

2004–2015



Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

The larger the company, the less likely it was to hire an outsider CEO

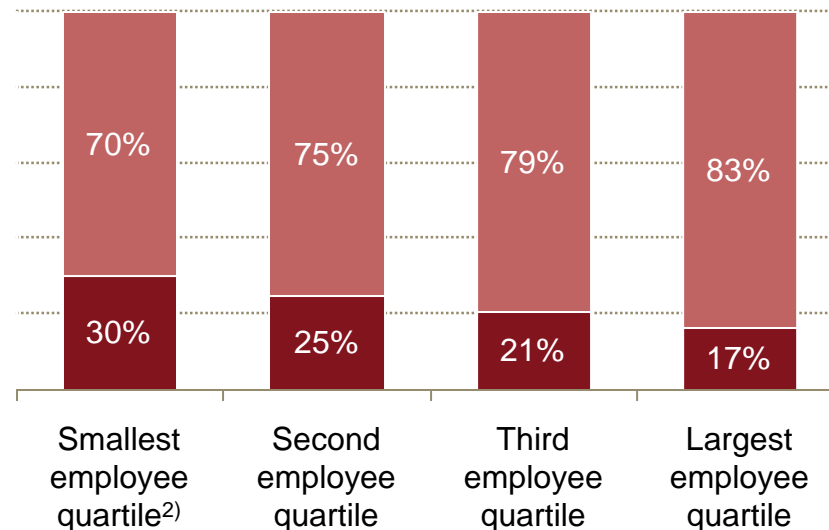
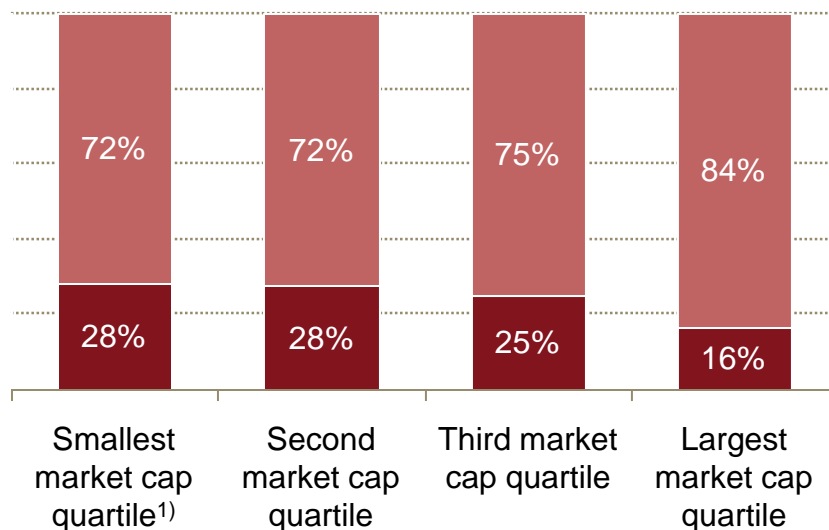
Incoming CEO pedigree by market cap quartile

2004–2015

Incoming CEO pedigree by # of employees quartile

2009–2015

■ Incoming insider CEO
■ Incoming outsider CEO



1) Market cap quartile was based on company ranking in world's 2,500 largest. Companies ranked 1,876–2,500 were in the smallest quartile. Companies ranked 1–625 were in the largest quartile. Largest market cap quartile companies had a market cap value in 2015 of more than US\$19.7 billion.

2) Smallest employee quartile companies had 12–6,109 employees. Companies in the largest employee quartile had 41,278–2,200,000 employees.

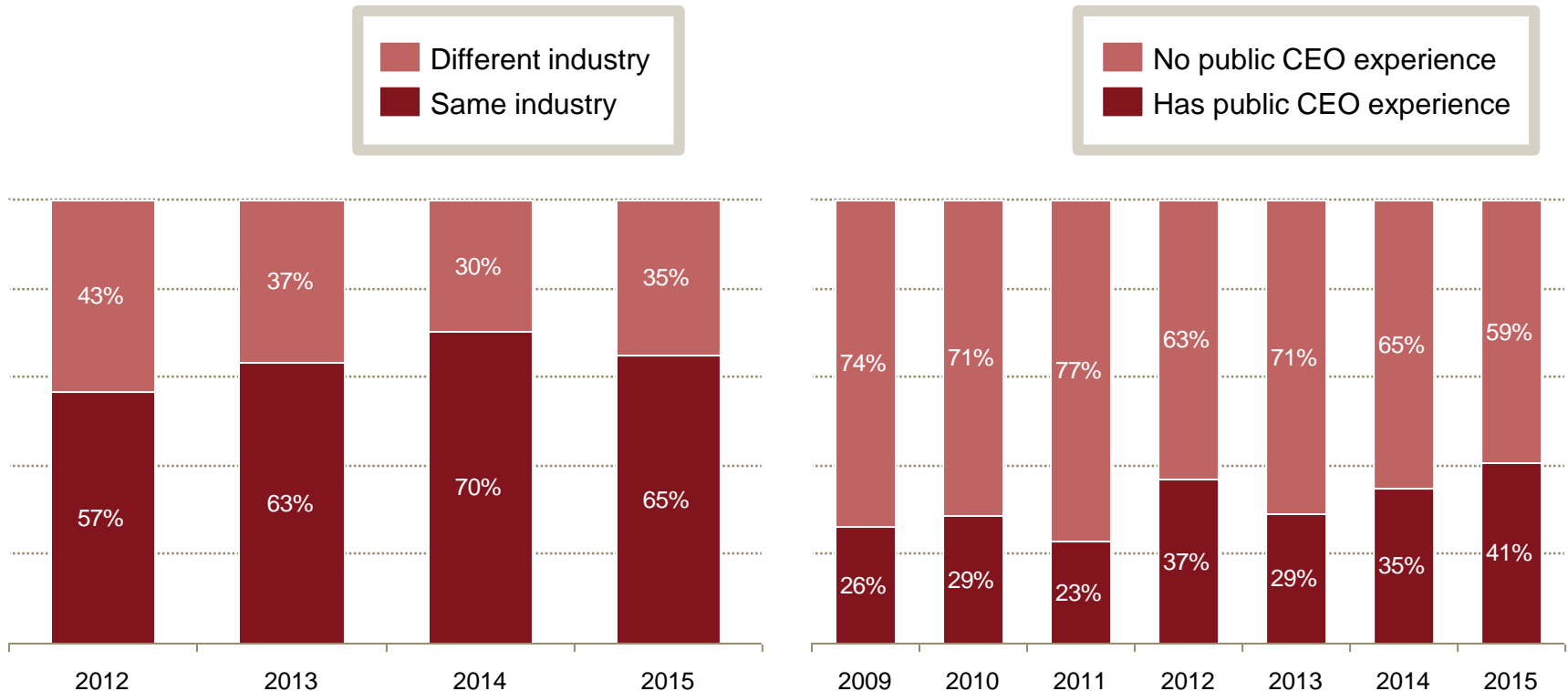
Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

More recently, companies have been hiring outsider CEOs with more industry and CEO experience

Incoming *outsider* CEO from same or different prior industry¹⁾ compared with current company industry, 2004–2015

Incoming *outsider* CEO with prior public CEO experience
2009–2015



1) Exhibit shows incoming CEOs who joined their company as CEO, broken down by whether they had worked in the same or a different industry immediately before joining the current company.

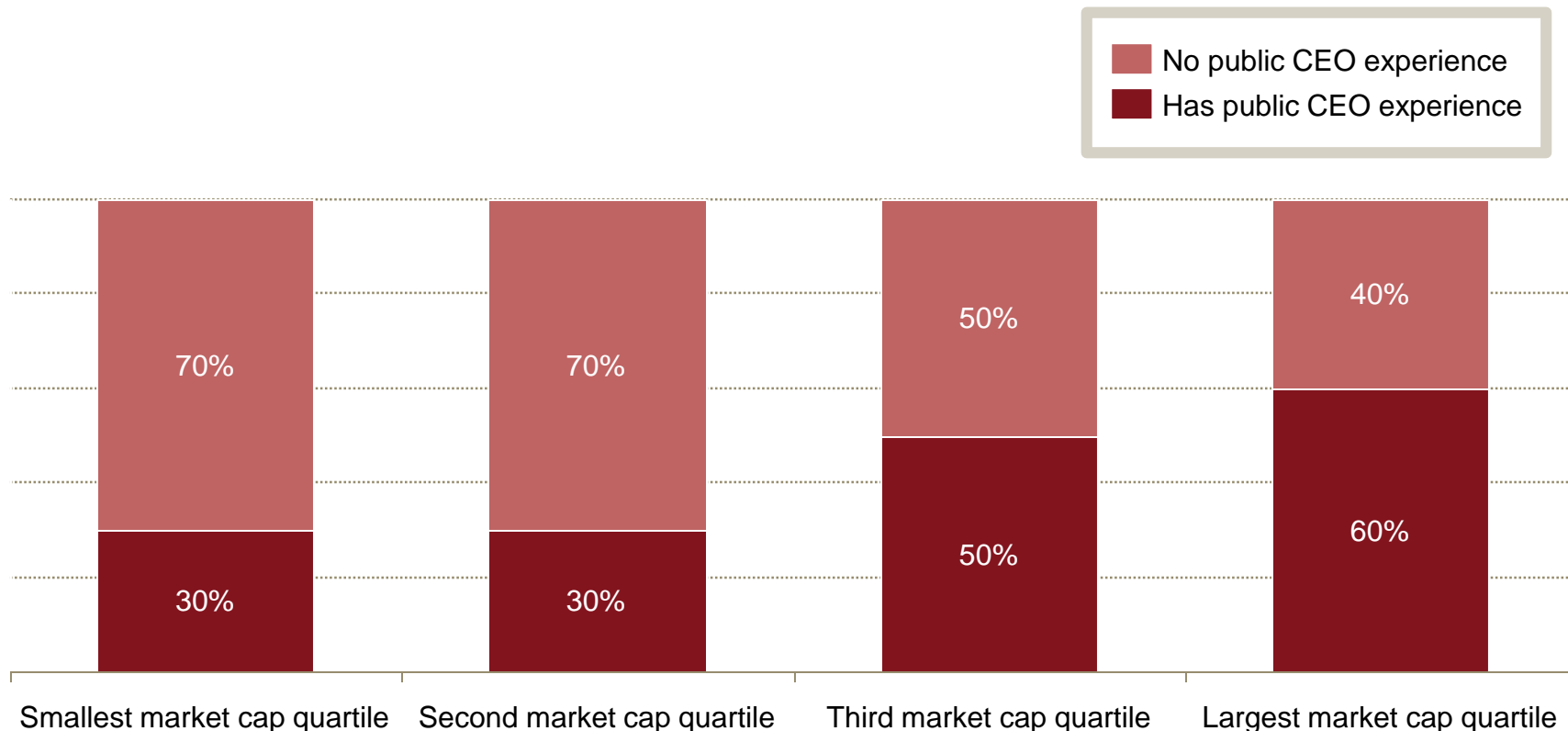
Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

In 2015, in the largest companies, 60% of incoming outsider CEOs had previous public CEO experience

Incoming outsider CEO prior public CEO experience by market cap quartile

2015



1) Market cap quartile was based on company ranking in world's 2,500 largest. Companies ranked 1,876–2,500 were in the smallest quartile. Companies ranked 1–625 were in the largest quartile. Largest market cap quartile companies had a market cap value in 2015 of more than US\$19.7 billion.

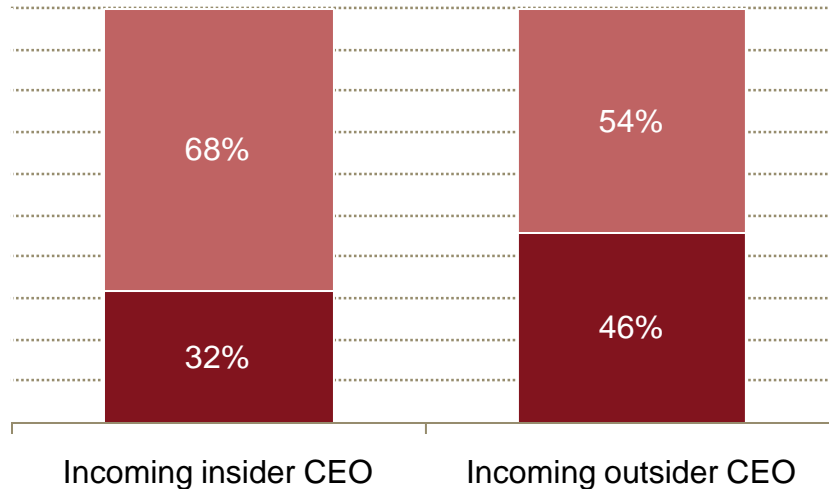
Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

Outsider CEOs were more likely than insiders both to have international experience and be of different nationality than their company HQ region

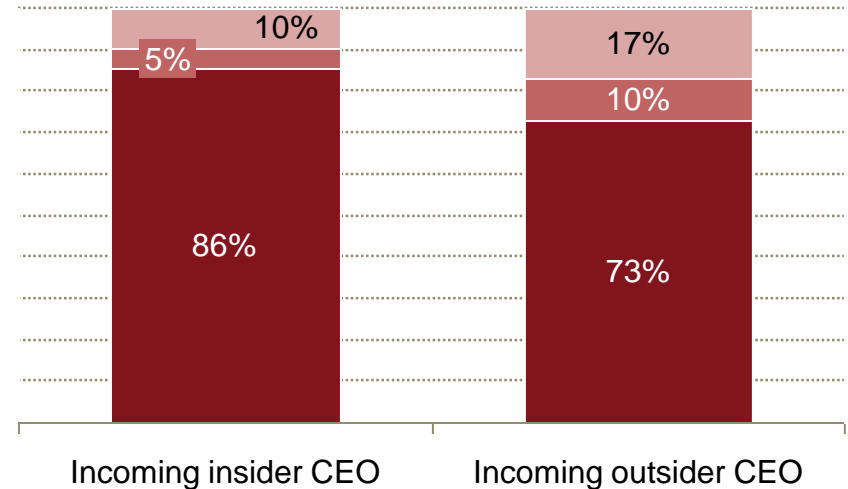
Incoming CEO experience¹⁾ in different regions compared to company HQ region
2012–2015

Has not worked in other regions
Has worked in other regions



Incoming CEO nationality compared with company HQ region
2009–2015

Different country, different region
Different country, same region
Same

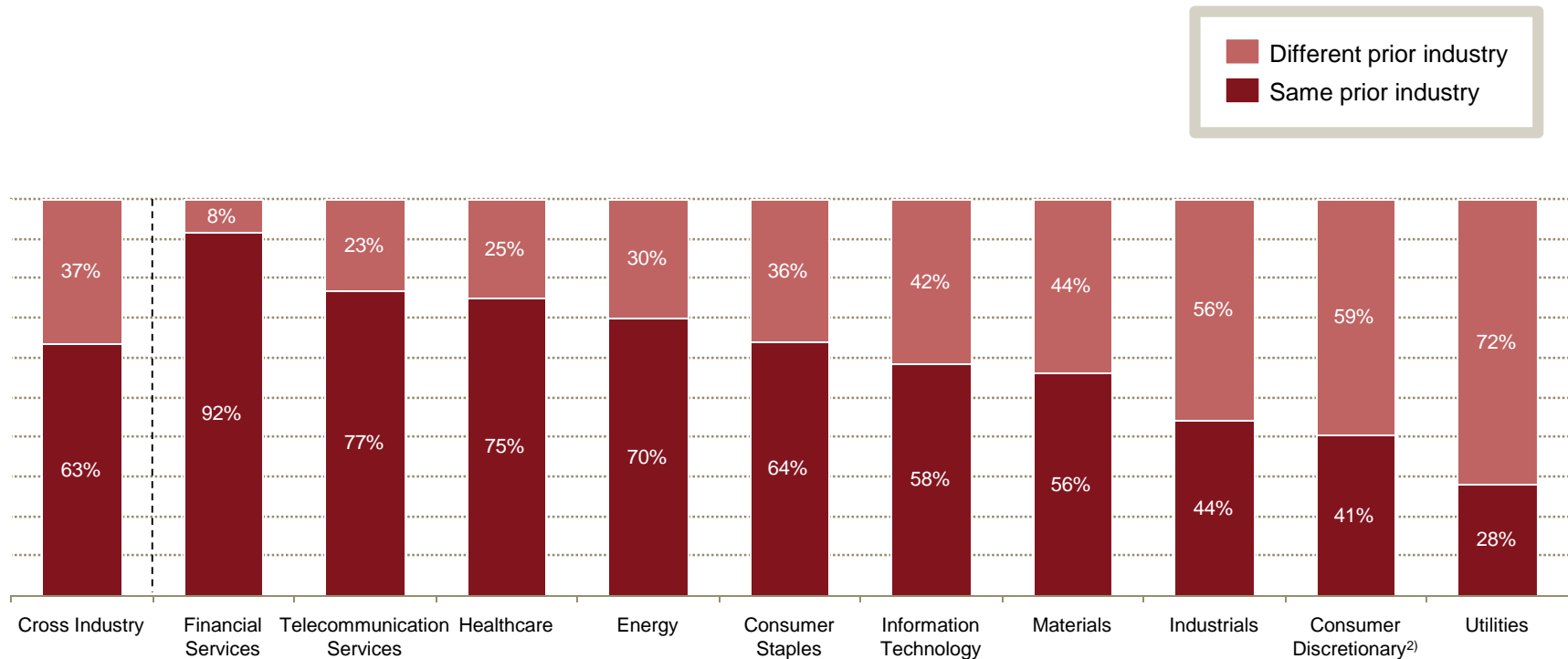


1) "Experience in different regions" means incoming CEOs' experience in regions other than company HQ region.
Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.
Source: Strategy& 2015 CEO Success study

The financials industry hired almost all its outsider CEOs from its own industry

Incoming *outsider* CEO from same or different prior industry¹⁾ compared to current company industry

2004–2015



1) Exhibit shows incoming CEOs who joined their company as CEO, broken down by whether they had worked in the same or different industry immediately before joining the current company.

2) "Consumer Discretionary" includes automobiles and components, consumer durables and apparel, consumer services, media, and retailing.

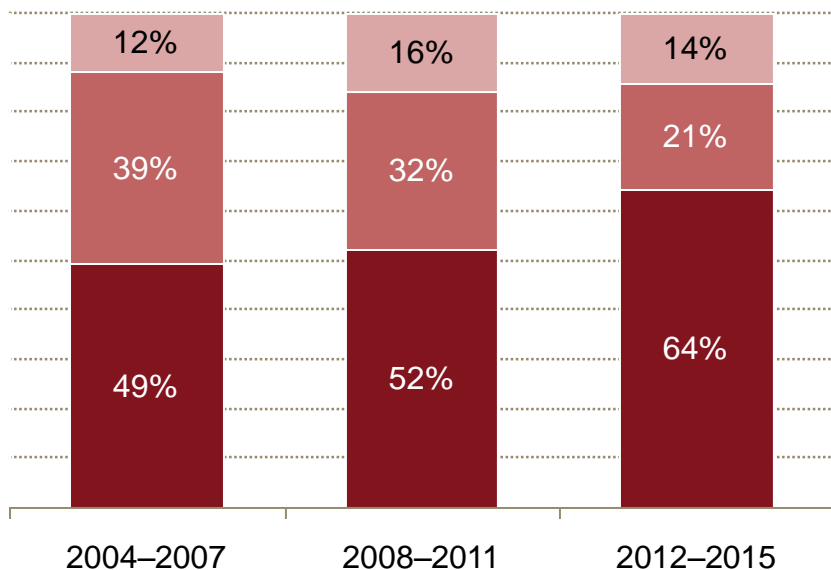
Note: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information.

Source: Strategy& 2015 CEO Success study

Historically, outsider CEOs were much more likely to be forced out than insiders, but the difference has narrowed

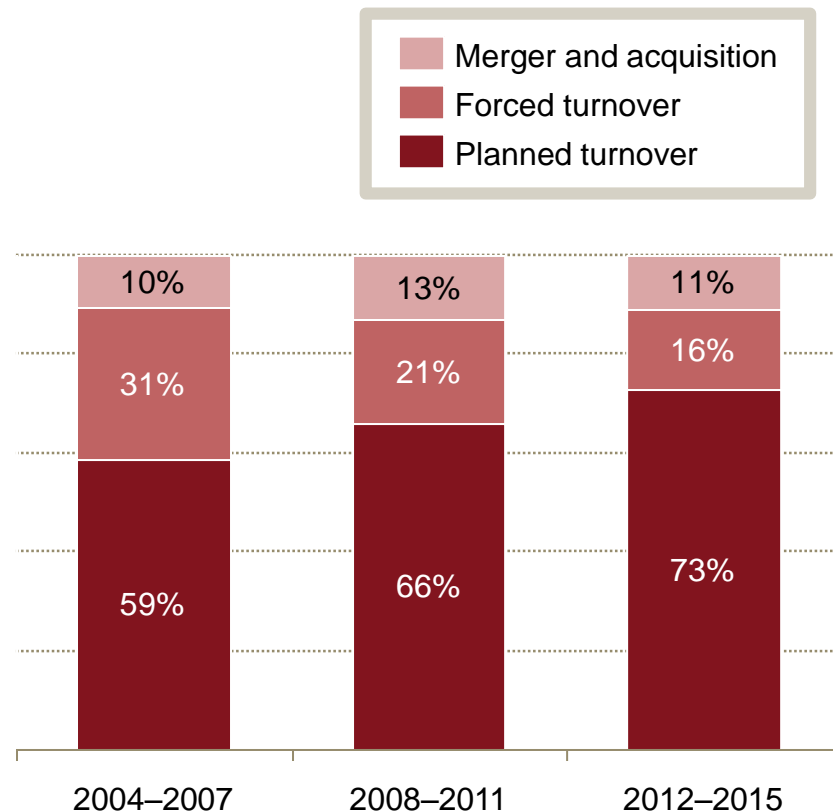
Outgoing *outsider* CEOs by turnover type

2004–2015



Outgoing *insider* CEOs by turnover type

2004–2015

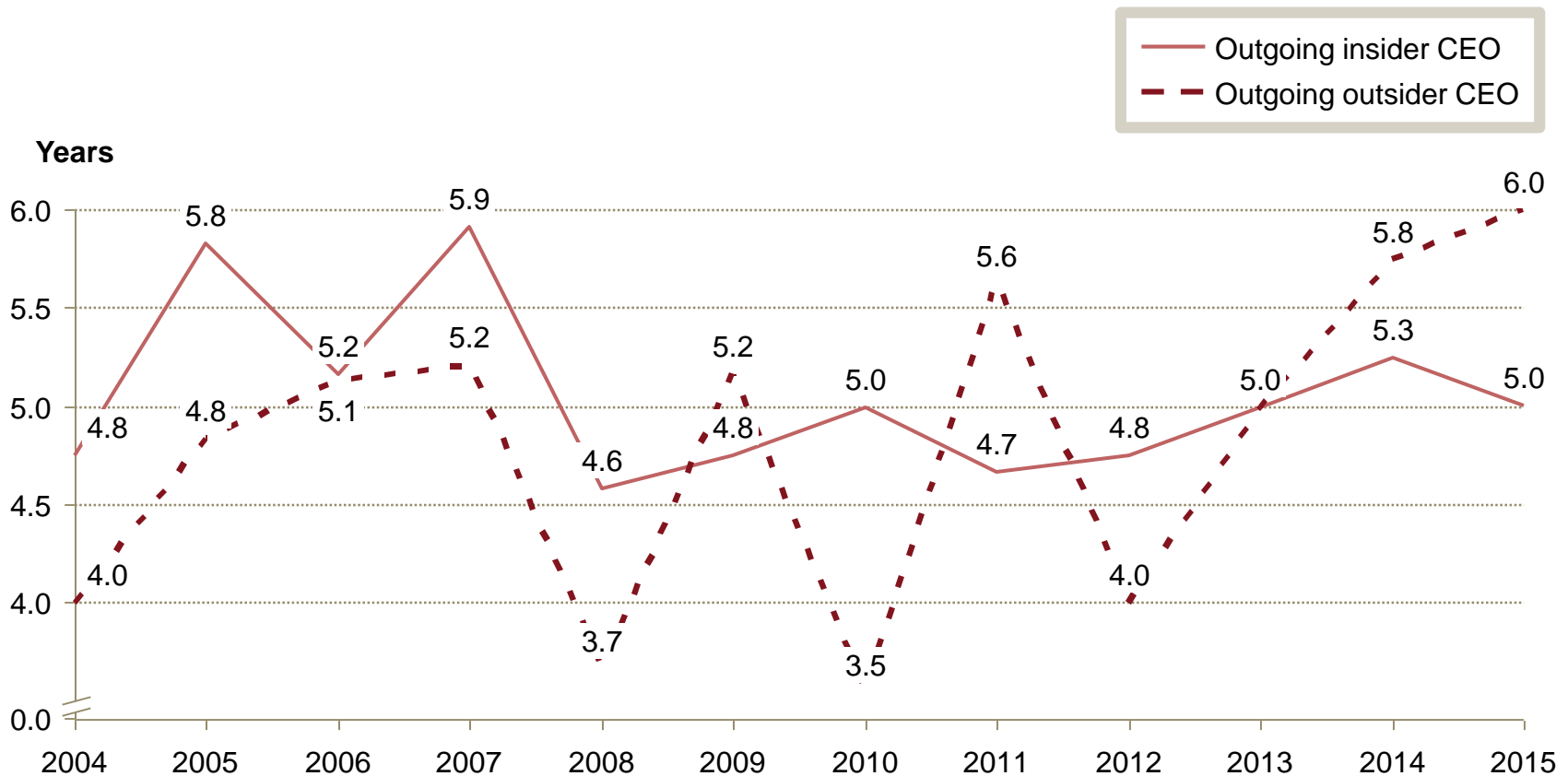


Note: Exhibit excludes turnover events with incomplete information.

Source: Strategy& 2015 CEO Success study

Outgoing outsider CEOs have had longer median tenures than insider CEOs over the last two years

Outgoing CEO median tenure by pedigree
2004–2015

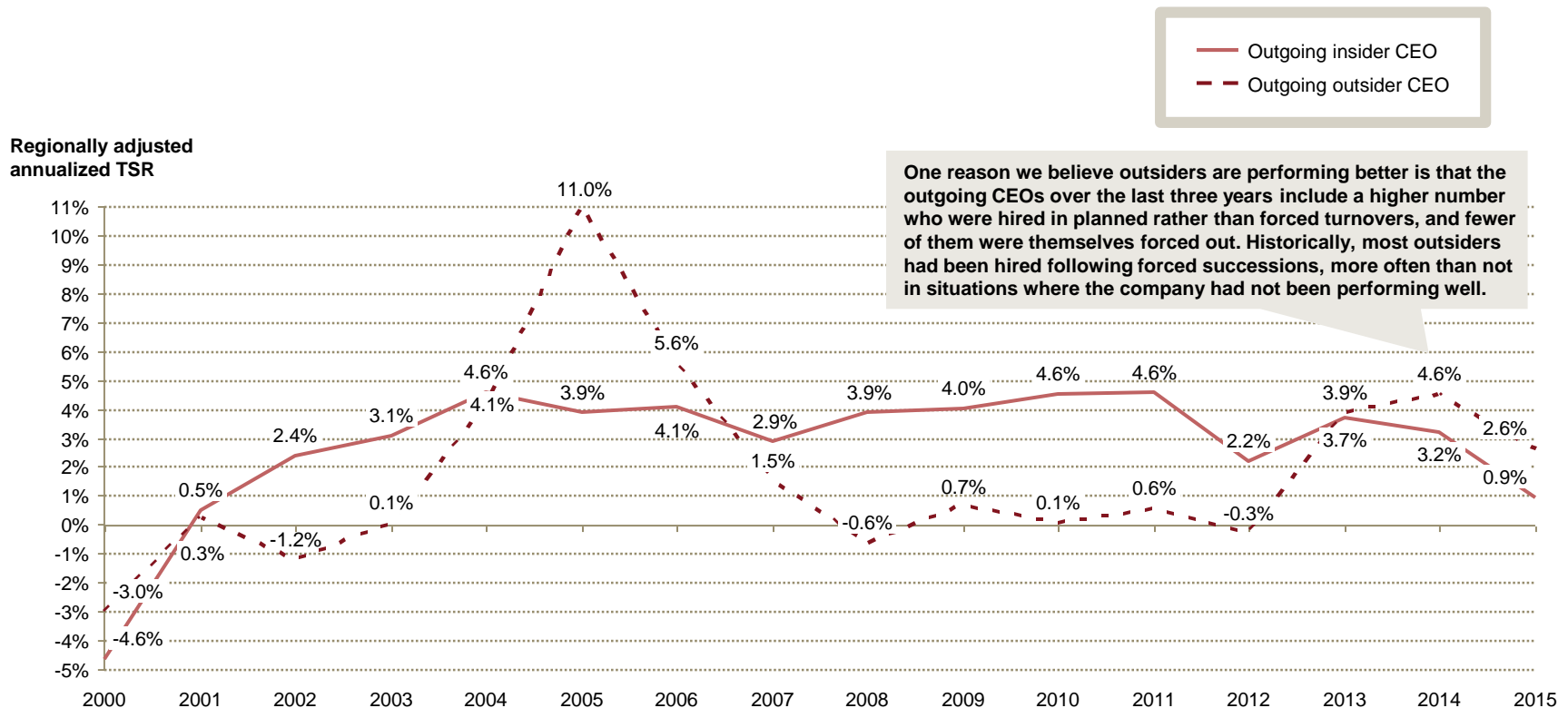


Note: Exhibit excludes turnover events with incomplete information.

Source: Strategy& 2015 CEO Success study

For the third straight year, outsider CEOs have delivered higher median total shareholder returns than insiders

Median total shareholder returns¹⁾ by outgoing CEO pedigree 2000–2015



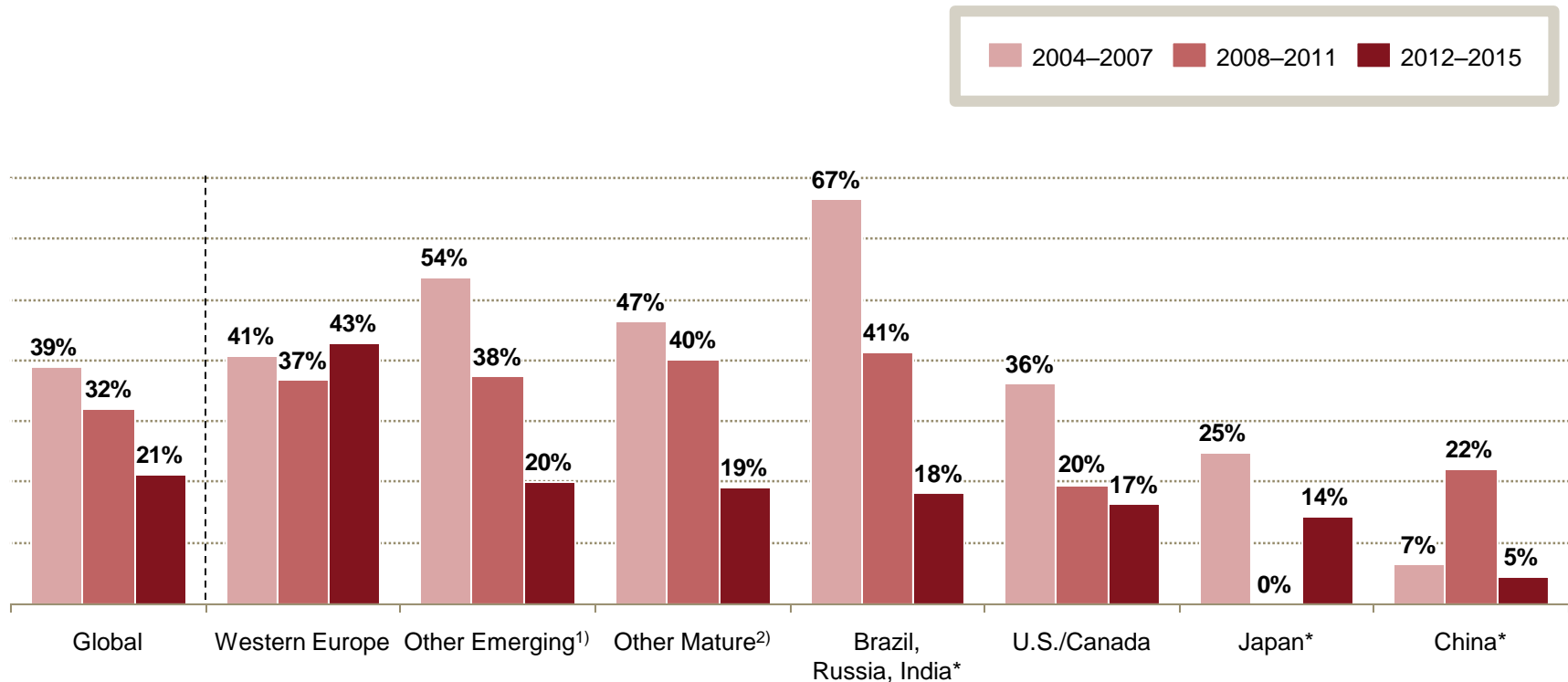
1) Total shareholder returns are annualized over outgoing CEOs' tenure and are regionally adjusted, meaning that performance is measured relative to a regional index (S&P 500, Brazil Bovespa, FTSE 100, CAC 40, etc.).

Note: Exhibit excludes turnover events with incomplete information.

Source: Strategy& 2015 CEO Success study

Most recently, outsider CEOs in Western Europe have been significantly more likely to be forced out than outsiders in any other region

Percentage of outgoing *outsider* CEOs via forced turnovers by region
2004–2015



1) "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam.

2) "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, Korea.

*Sample size in Japan and China not significant for all 12 years. Sample size in Brazil, Russia, India not significant from 2004–2007.

Note 1: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

Note 2: Exhibit excludes turnover events with incomplete information.

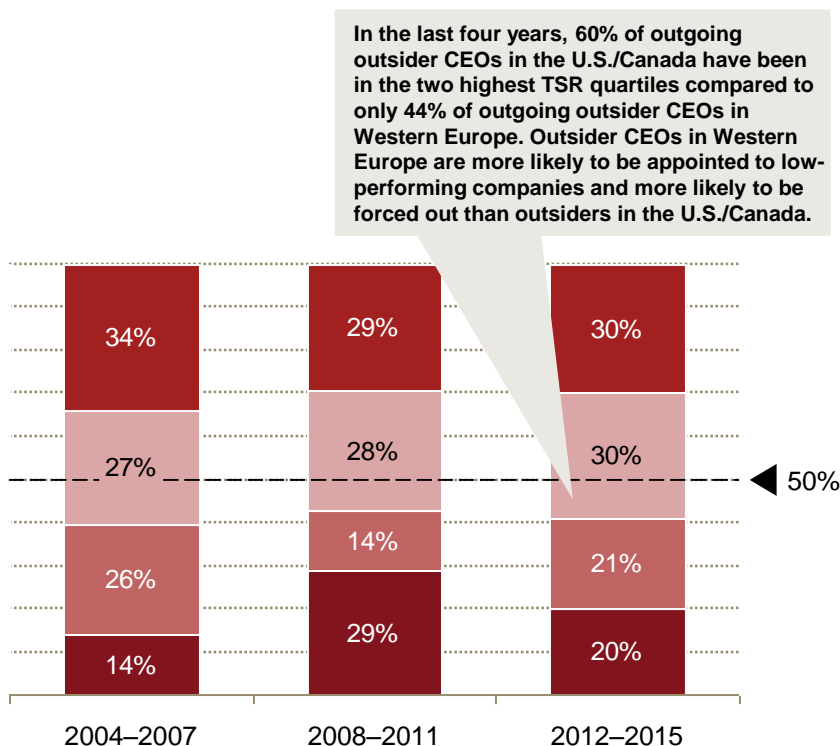
Source: Strategy& 2015 CEO Success study

Outsider CEOs in Western Europe consistently perform worse than those in the U.S./Canada

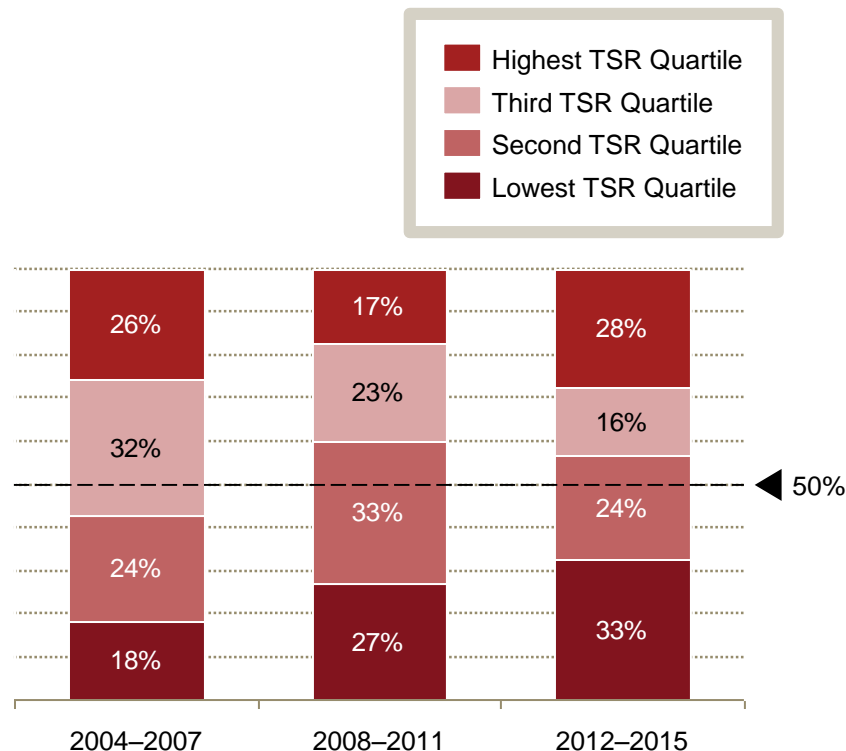
Outgoing *outsider* CEO by quartile of annualized shareholder returns¹⁾

2004–2015

U.S./Canada



Western Europe



1) Total shareholder returns are annualized over outgoing CEOs' tenure and are regionally adjusted, meaning that performance is measured relative to a regional index (S&P 500, Brazil Bovespa, FTSE 100, CAC 40, etc.).

Note: Exhibit excludes turnover events with incomplete information.

Source: Strategy& 2015 CEO Success study

CEO turnover summary

In 2015, the total CEO turnover rate at the world's 2,500 largest companies was 16.6%, a study record high. 17% of all CEO turnovers in 2015 were due to M&A, the highest since 2007.

Brazil, Russia, and India (BRI) lead the world again in CEO turnovers while Japan and Western Europe reached five year highs.

- In four out of the last five years, BRI has had the highest CEO turnover rate.
- Japan went from the lowest CEO turnover rate in 2014 (12%) to the second highest in 2015 (19%) Western Europe went from 14% in 2014 to 18% in 2015.

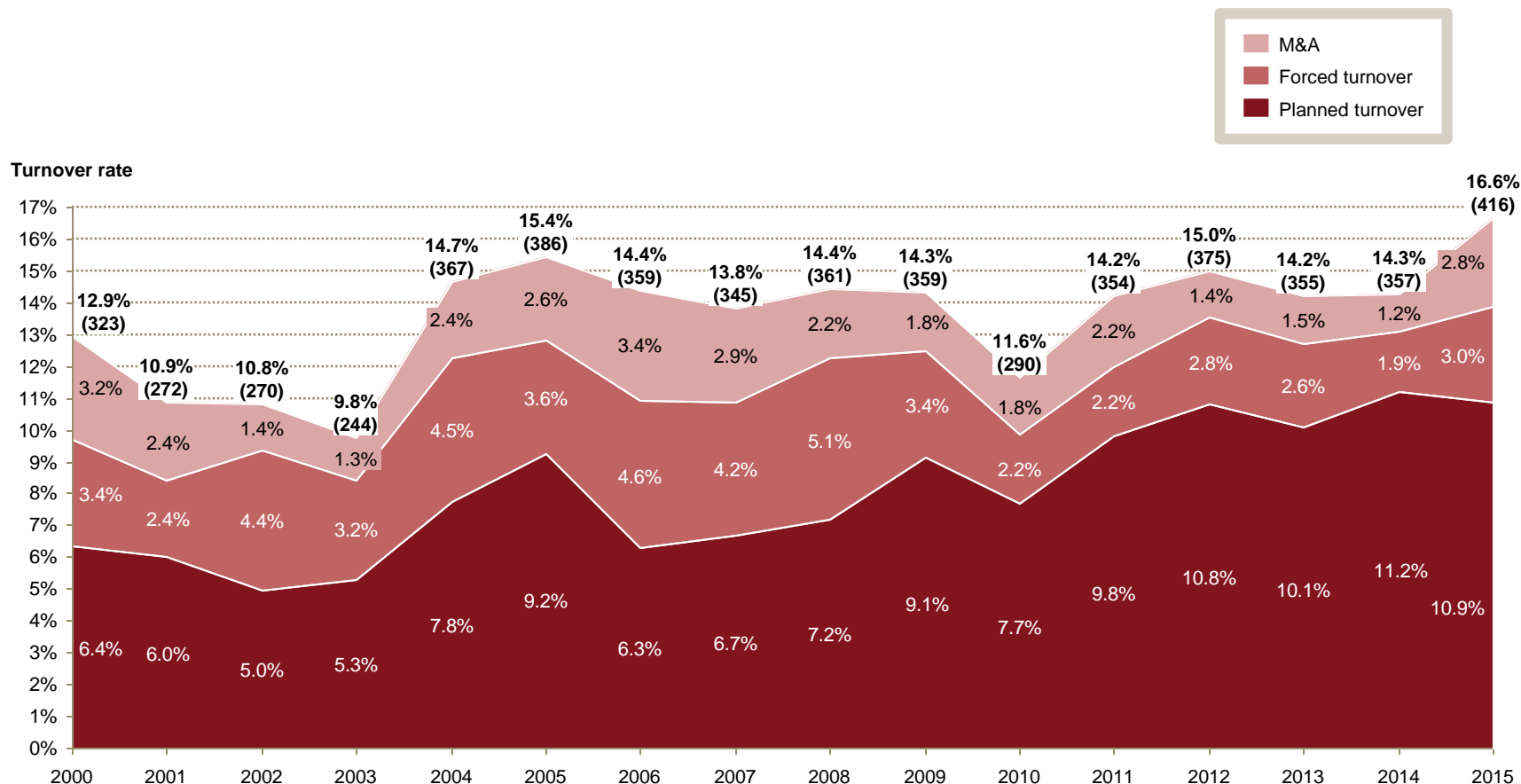
Telecommunication services has the highest CEO turnover rate for the fifth straight year; five other industries led by energy and materials reached five year highs.

- With the falling price of oil and other commodities, CEO turnover jumped in the following industries:
 - Energy: 18% in 2014 to 23% in 2015
 - Materials: 17% to 20%
 - Utilities: 13% to 17%
 - Financial services: 13% to 16%

In 2015, the total CEO turnover rate of the world's 2,500 largest public companies was 16.6%, a study record high

CEO turnover rate by succession reason

CEO turnover events as a percentage of top 2,500 public companies



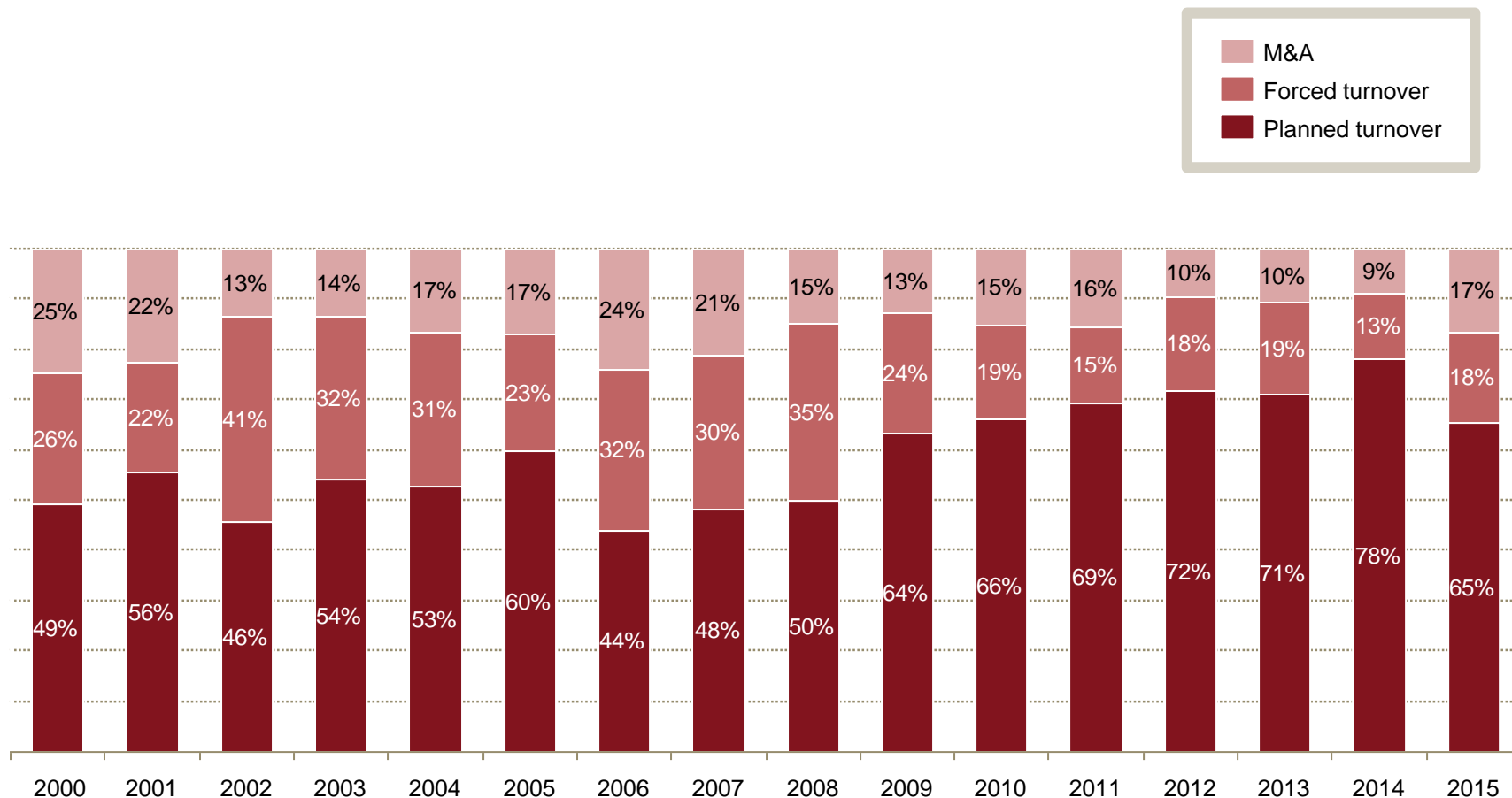
Note: Exhibit excludes turnover events with incomplete information.

Source: Strategy& 2015 CEO Success study

In 2015, 17% of all CEO turnovers were due to M&A, the highest since 2007

CEO succession reasons as a percentage of turnover events

2000–2015



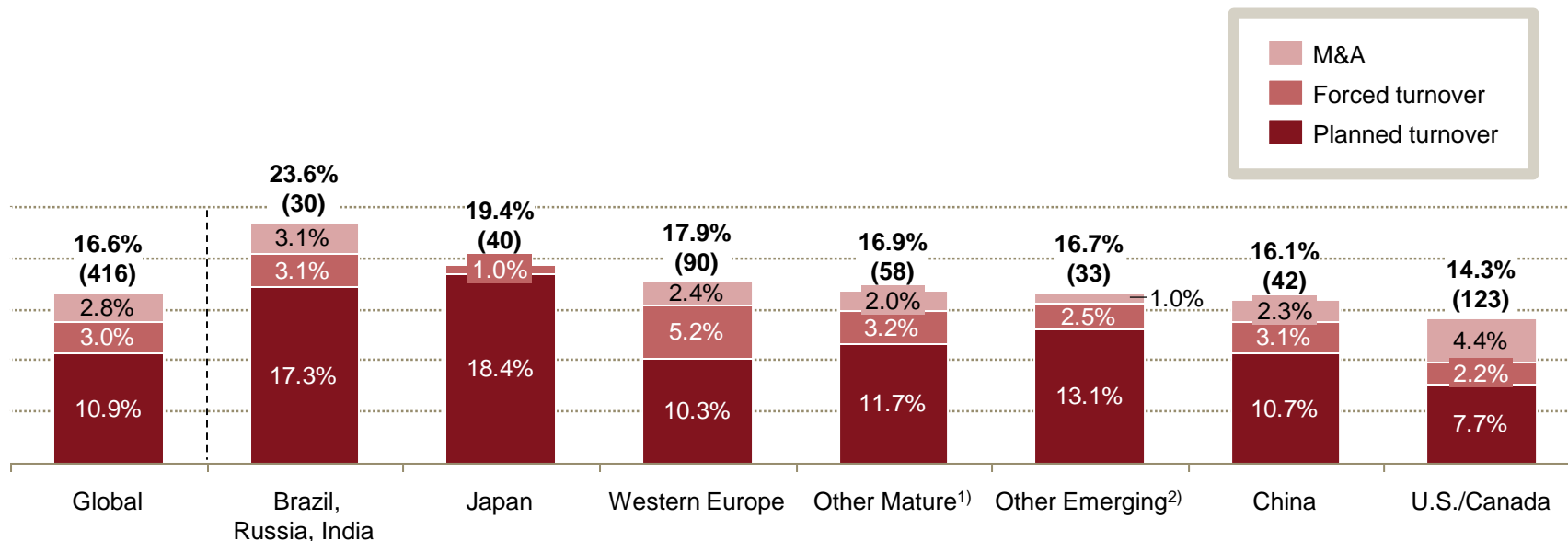
Note: Exhibit excludes turnover events with incomplete information.

Source: Strategy& 2015 CEO Success study

Brazil, Russia, and India had the highest rate of CEO turnovers followed by Japan and Western Europe

CEO turnover rate by region and succession reason

2015 CEO turnover events as a percentage of top 2,500 public companies in each region



Region	Brazil, Russia, India	China	Japan	Other emerging	Other mature	U.S./ Canada	Western Europe	Total
Number of companies in region	127	261	206	198	343	861	504	2500

1) "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, Korea.

2) "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam.

Note 1: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

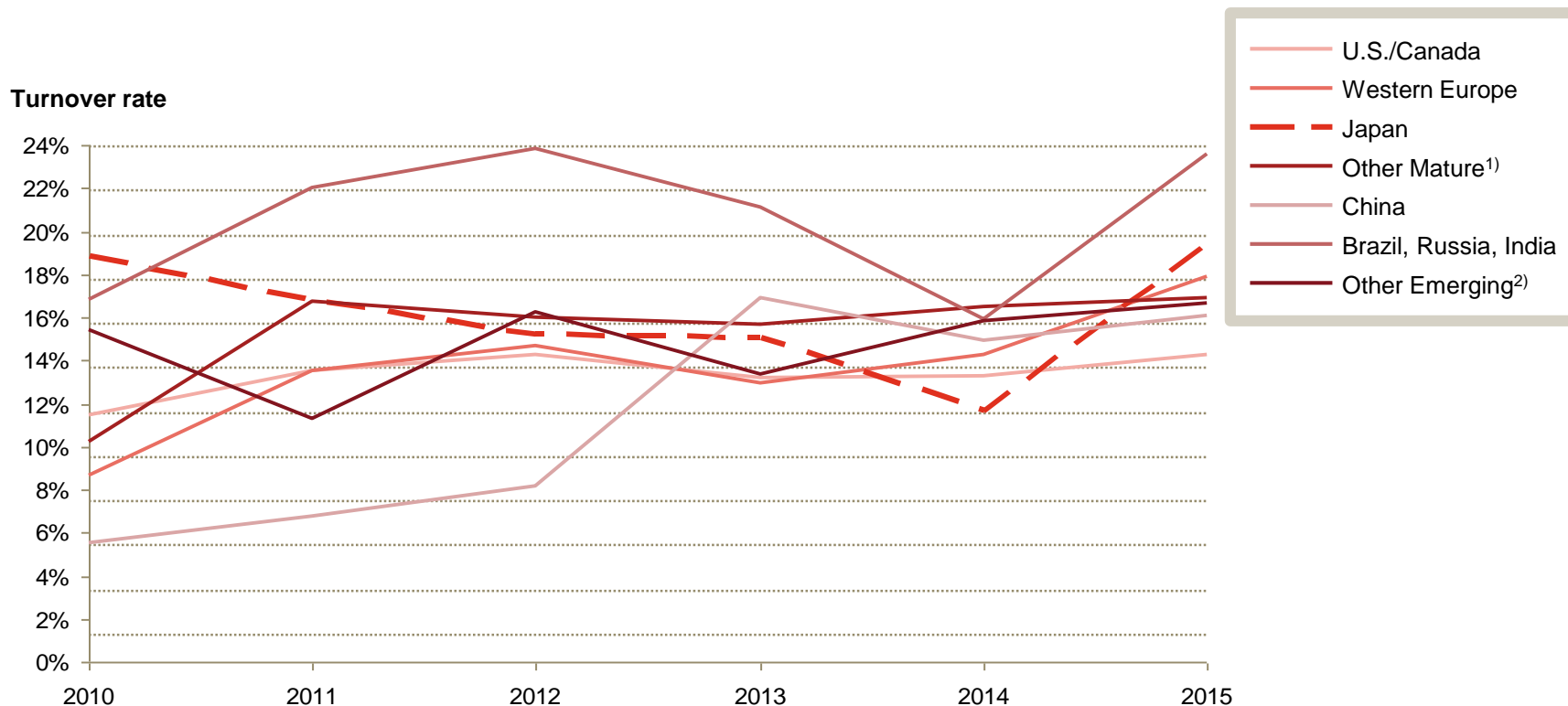
Note 2: Exhibit excludes turnover events with incomplete information.

Source: Strategy& 2015 CEO Success study

Japan went from the lowest CEO turnover rate in 2014 to the second highest in 2015

CEO turnover rate by region

2010–2015 CEO turnover events as a percentage of top 2,500 public companies in each region



1) "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, Korea.

2) "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam.

Note 1: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

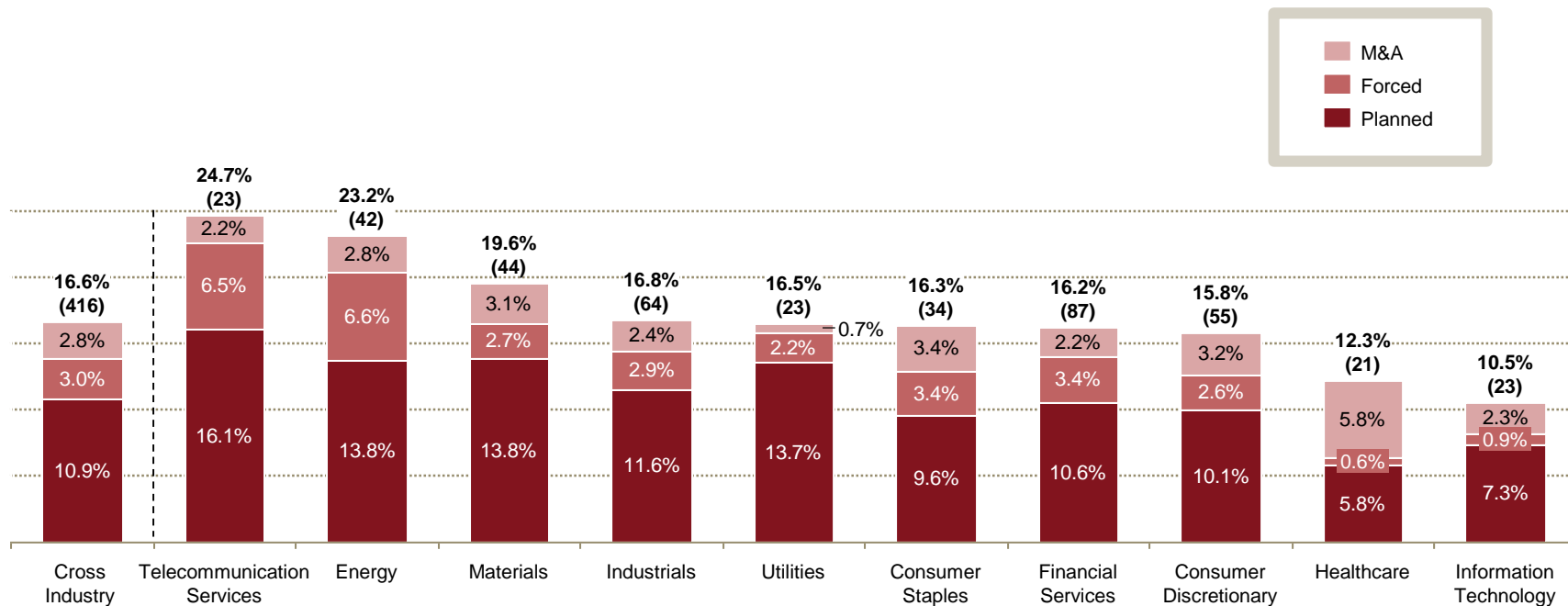
Note 2: Exhibit excludes turnover events with incomplete information.

Source: Strategy& 2015 CEO Success study

The telecommunication services industry had the highest CEO turnover rate followed by energy and materials

CEO turnover rate by industry and succession reason

2015 CEO turnover events as a percentage of top 2,500 public companies in each industry



Industry	Consumer discretionary	Consumer staples	Energy	Financial services	Health care	Industrials	Information technology	Materials	Telecommunication services	Utilities	Total
Number of companies in industry	348	208	181	537	171	380	219	224	93	139	2500

1) "Consumer Discretionary" includes automobiles and components, consumer durables and apparel, consumer services, media, and retailing.

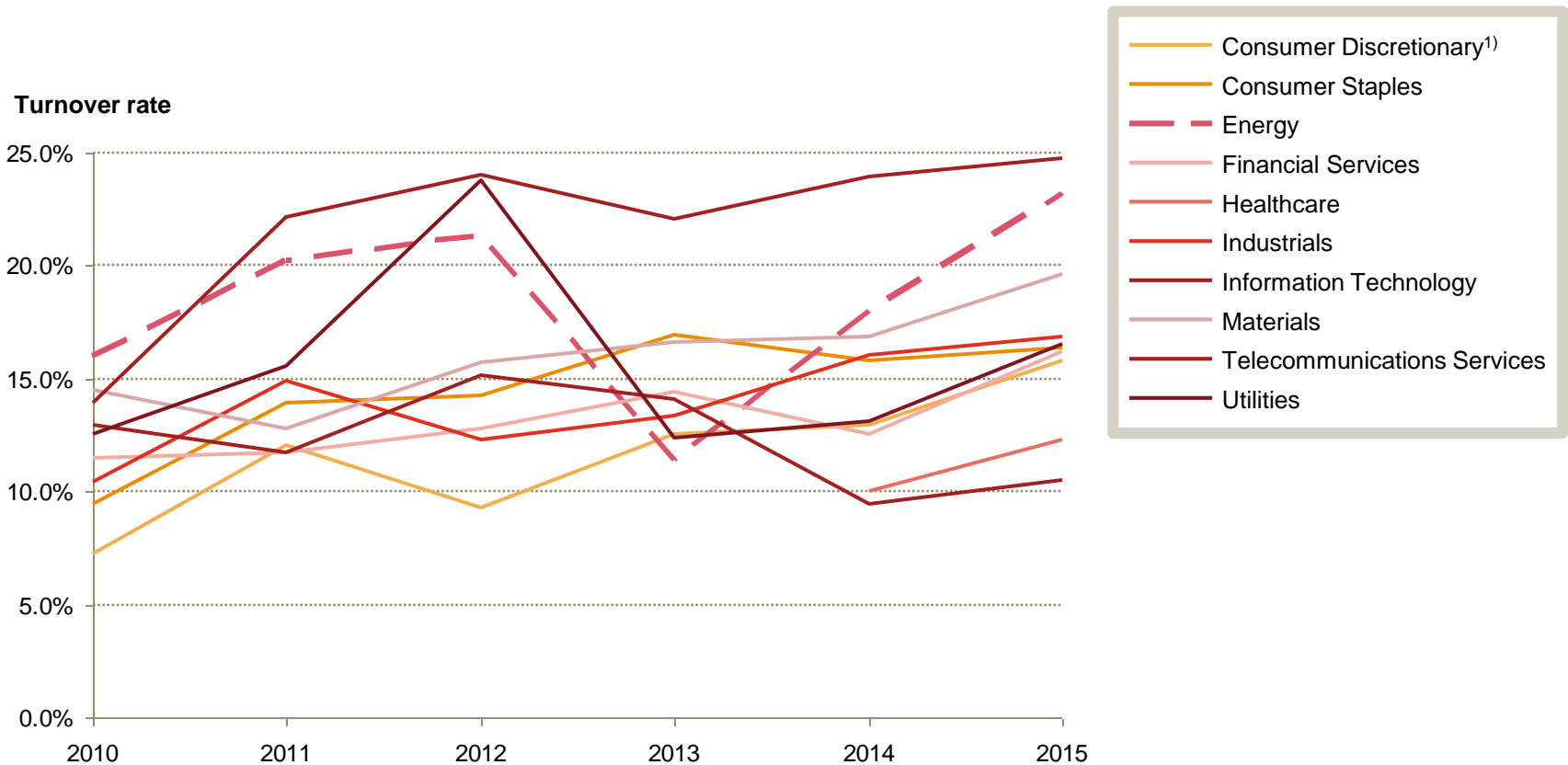
Note: Exhibit excludes turnover events with incomplete information.

Source: Strategy& 2015 CEO Success study

Six industries led by telecommunication services, energy, and materials all reached five year high CEO turnover rates

CEO turnover rate by industry

2010–2015 CEO turnover events as a percentage of top 2,500 public companies in each industry



1) "Consumer Discretionary" includes automobiles and components, consumer durables and apparel, consumer services, media, and retailing.

Note: Exhibit excludes turnover events with incomplete information.

Source: Strategy& 2015 CEO Success study

2015 incoming class of CEOs summary

In the 2015 incoming class of CEOs, new CEOs in Western Europe compared to the U.S./Canada were more likely to:

- Be outsiders (38% vs. 14%)
- Be of foreign nationality (30% vs. 15%)
- Have worked internationally (41% vs. 30%)

They were less likely to:

- Spend their entire career at one company (9% to 16%)
- Have an MBA (26% to 41%)

The global CEO is a myth. International work experience is decreasing, down to 28% in 2015.

Loyalty high in Japan and China. Three quarters of incoming CEOs in Japan and nearly one half in China spent their entire career at one company.

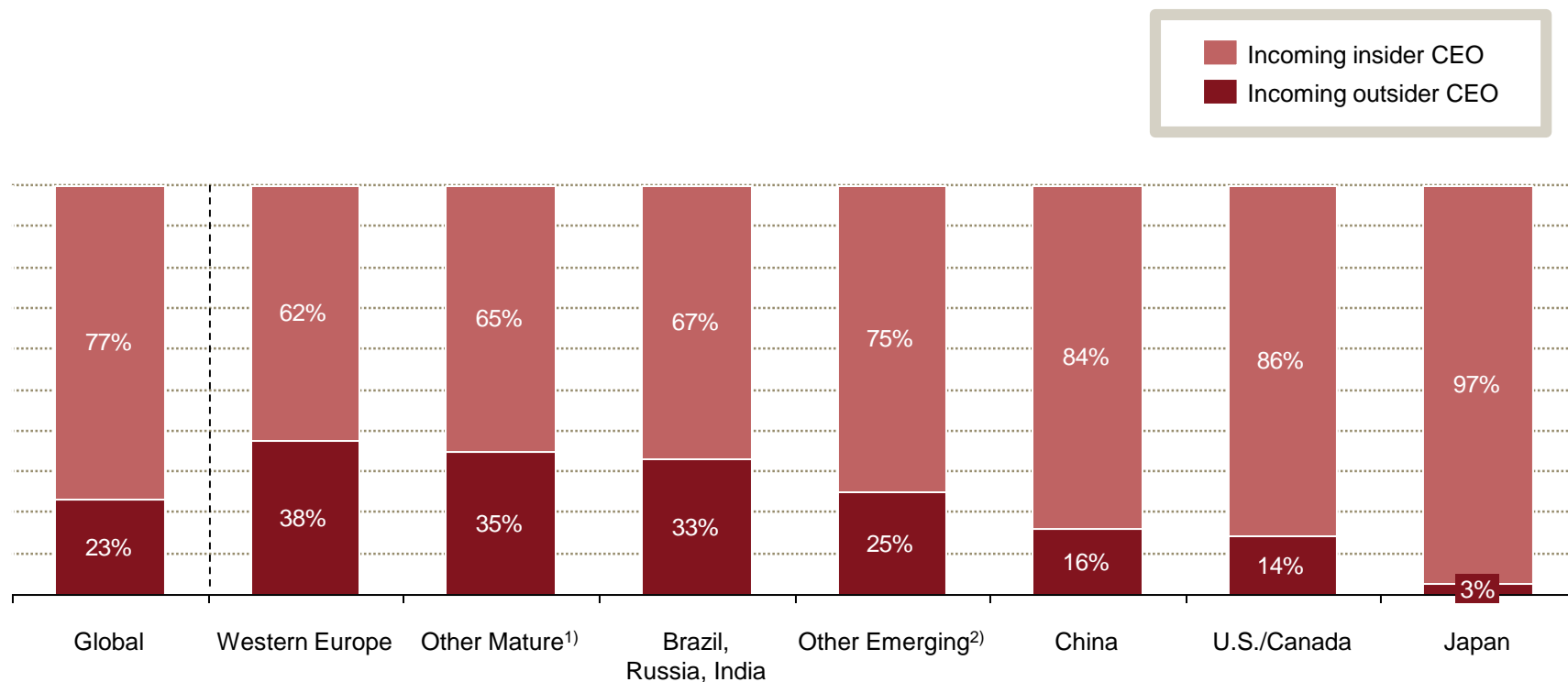
Tech CEOs skip business school. Only 13% of incoming CEOs in the information technology industry had an MBA compared to 44% in the consumer staples industry.

Good governance on the rise. Only 7% of incoming CEOs also held the position of chairman, a study record low.

In 2015, Western Europe hired more than double the share of outsider CEOs than the U.S./Canada

Incoming CEO pedigree by region

2015



1) "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, Korea.

2) "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam.

Note 1: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

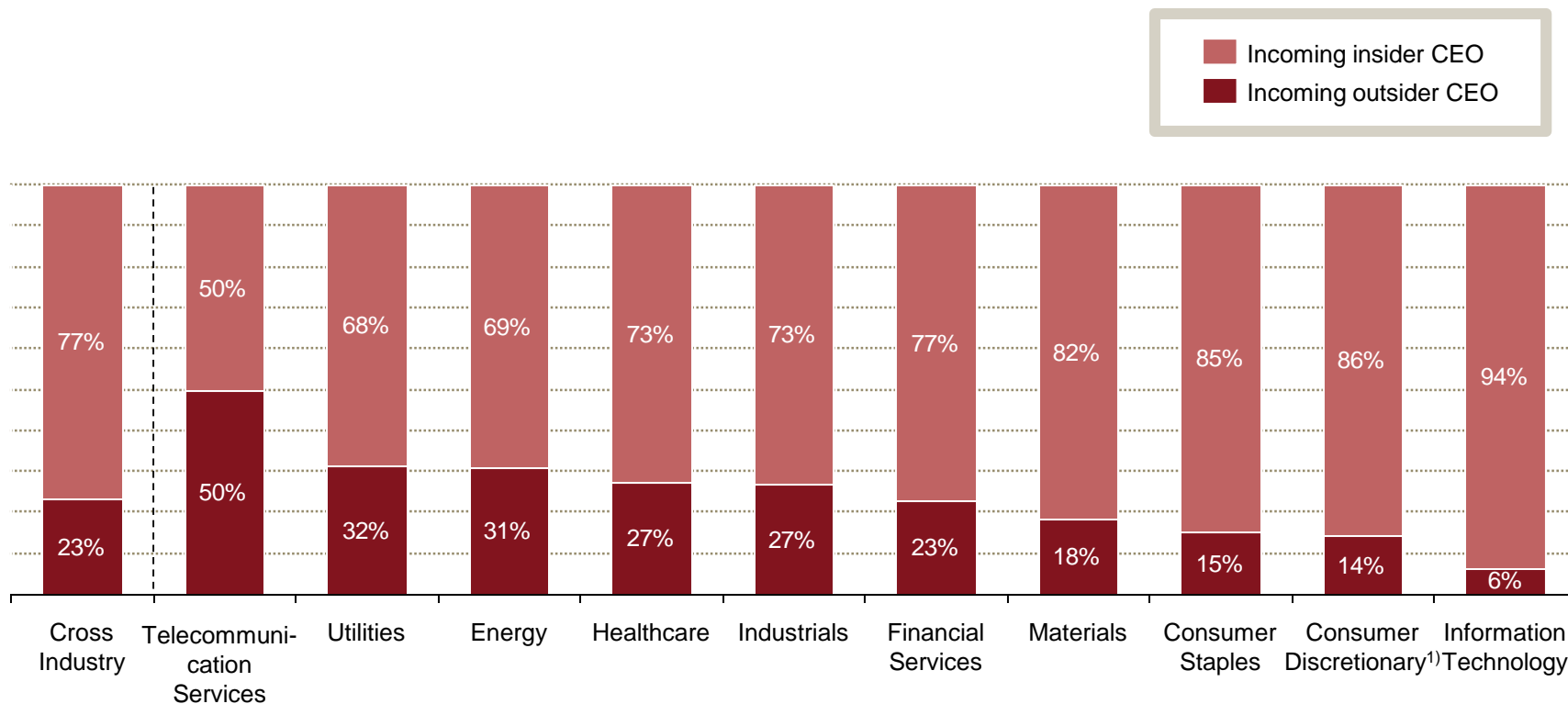
Note 2: Exhibit excludes turnover events resulting from M&A, interims, and events with incomplete information

Source: Strategy& 2015 CEO Success study

Half of the incoming CEOs in the telecommunication services industry were outsiders

Incoming CEO pedigree by industry

2015



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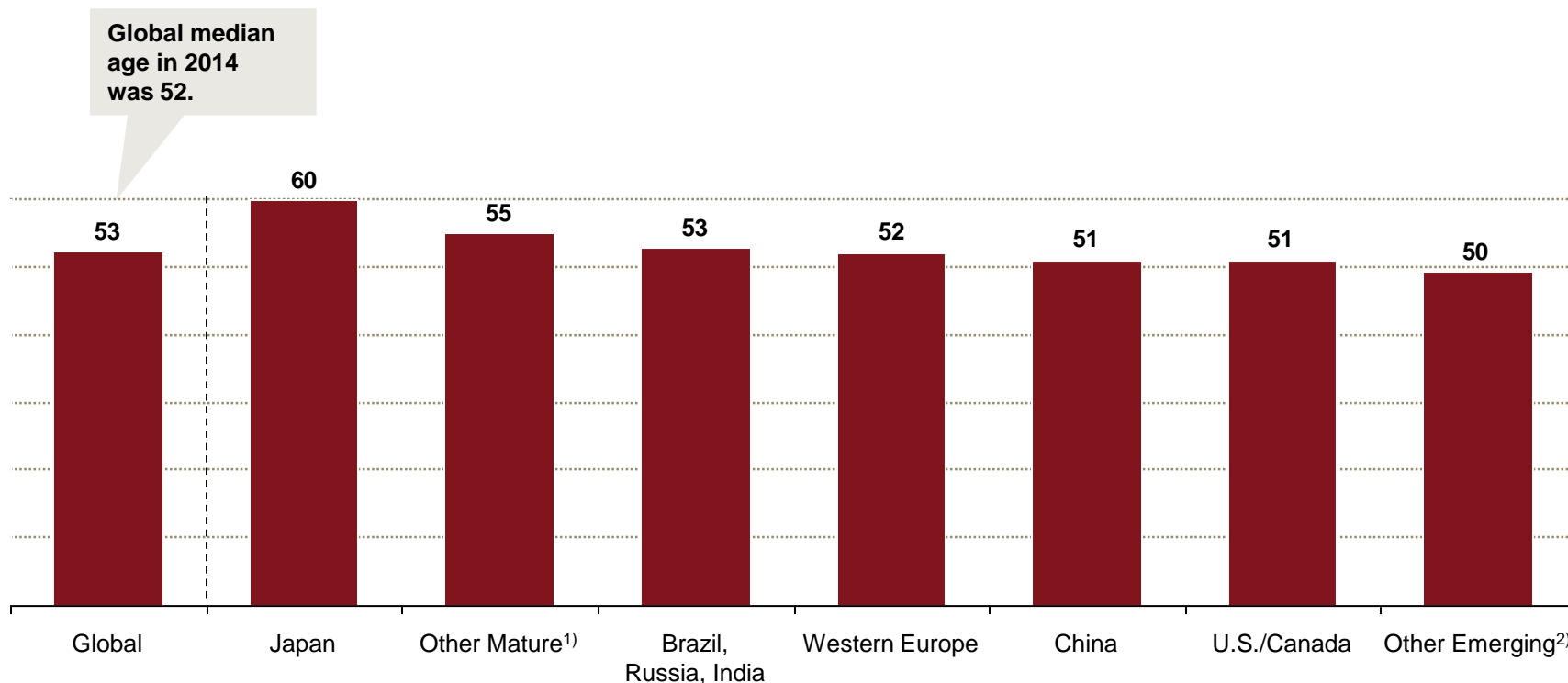
Note: Exhibit excludes turnover events resulting from M&A and interims and events with incomplete information.

Source: Strategy& 2015 CEO Success study

The median age for an incoming CEO was 53 with CEOs in Japan being the oldest (median age of 60)

Incoming CEO median age by region

2015



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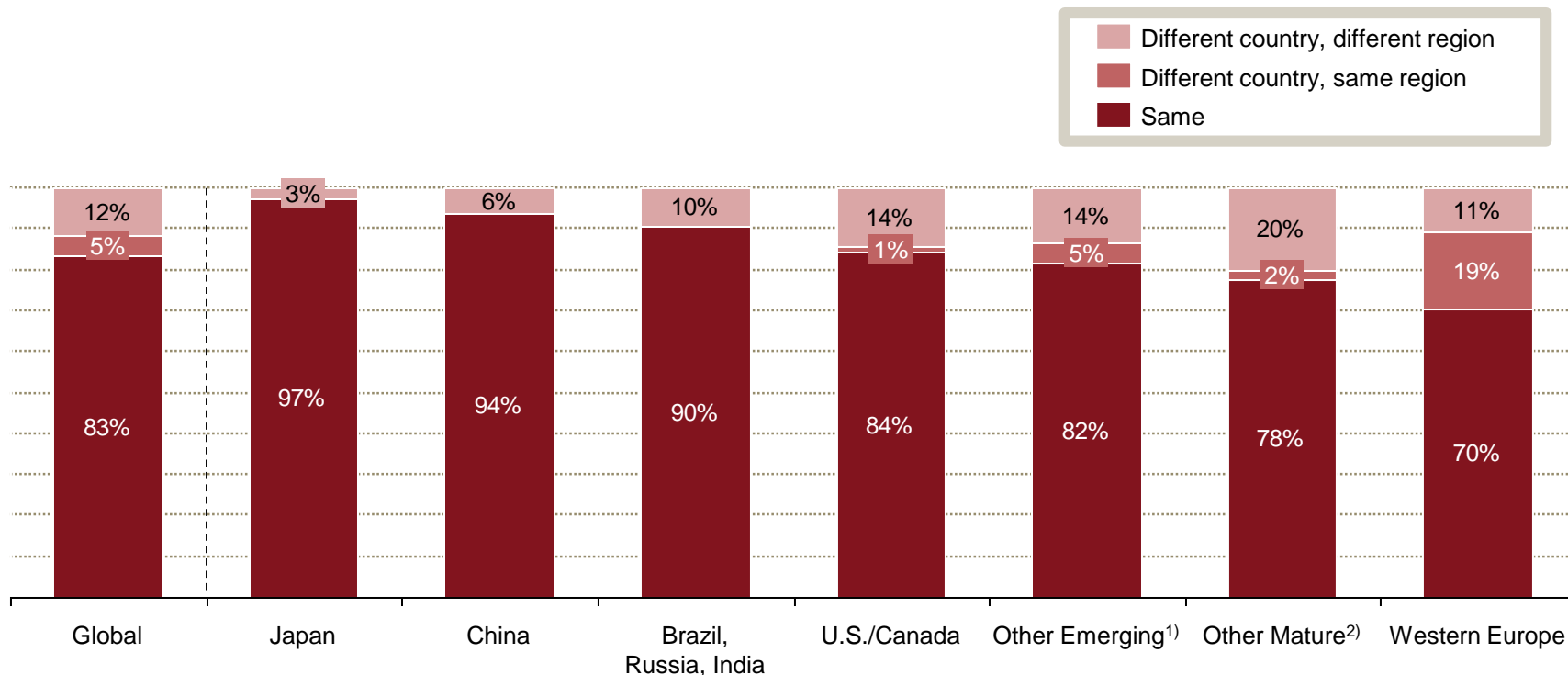
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Source: Strategy& 2015 CEO Success study

Companies in Western Europe were most likely to hire a foreign CEO

Incoming CEO nationality compared with company headquarters region

2015



1) "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam.

2) "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, Korea.

Note 1: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

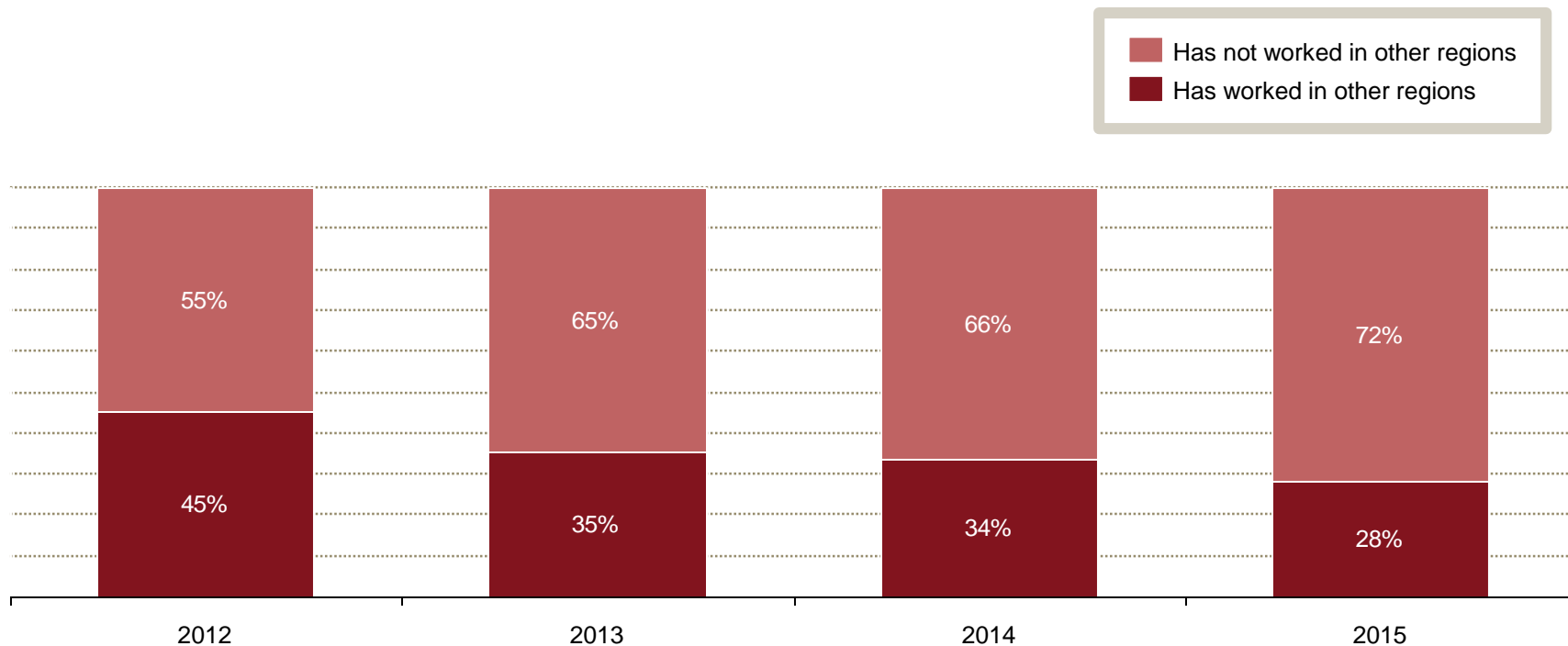
Note 2: Exhibit excludes turnover events resulting from M&A and interims and events with incomplete information.

Source: Strategy& 2015 CEO Success study

The global CEO is a myth. International work experience is decreasing, down to 28% in 2015

Incoming CEOs with experience¹⁾ in different regions compared to company HQ region

2015



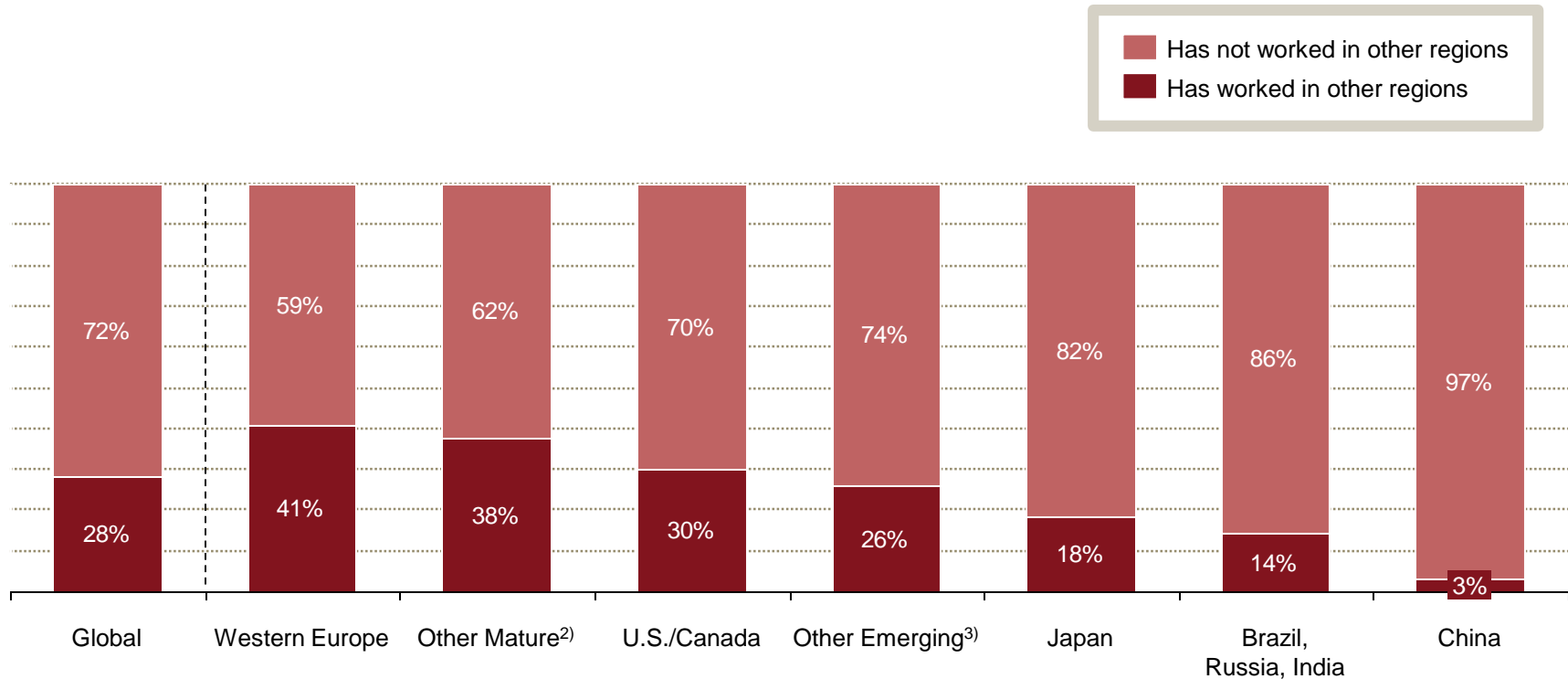
1) "Experience in different regions" means incoming CEOs' experience in regions other than company HQ region.

Note: Exhibit excludes turnover events resulting from M&A and interims and events with incomplete information.

Source: Strategy& 2015 CEO Success study

Incoming CEOs in Western European were most likely to have international work experience

Incoming CEOs with experience¹⁾ in different regions compared to company HQ region
2015



1) "Experience in different regions" means incoming CEOs' experience in regions other than company HQ region.

2) "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, Korea..

3) "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam.

Note 1: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

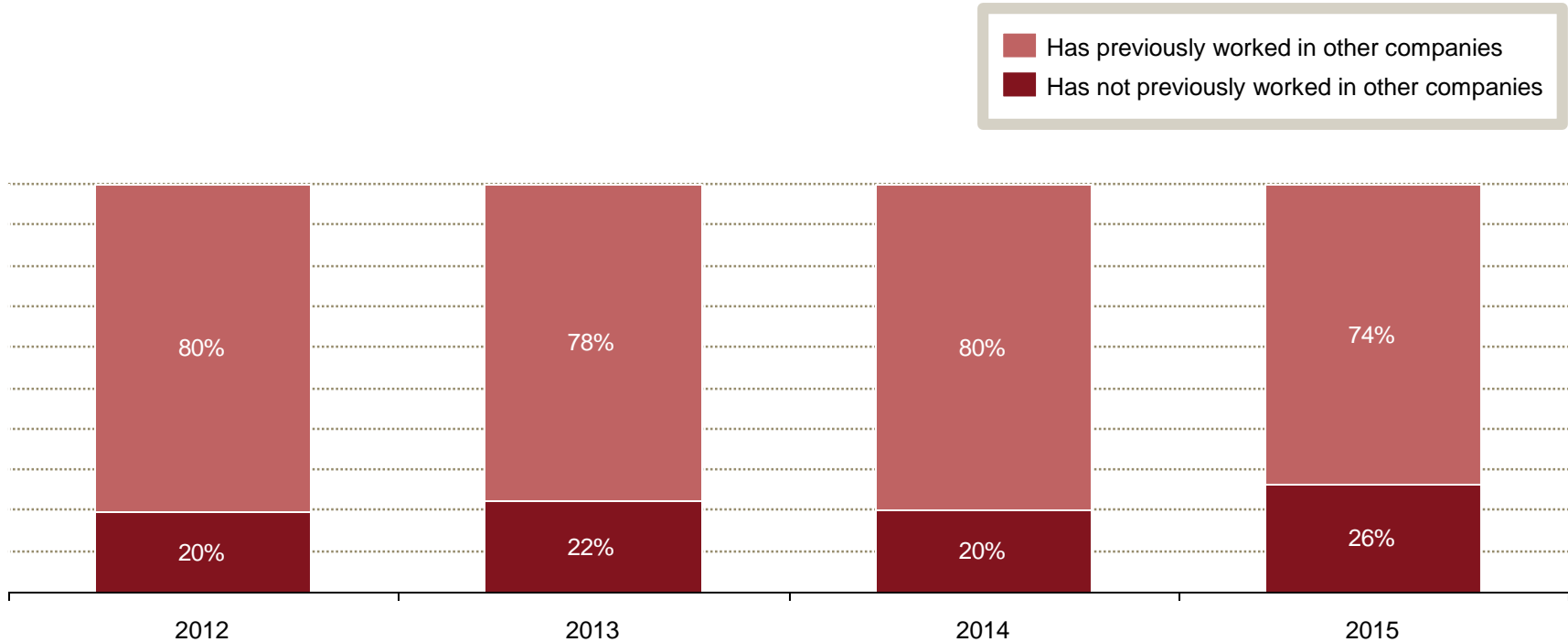
Note 2: Exhibit excludes turnover events resulting from M&A and interims and events with incomplete information.

Source: Strategy& 2015 CEO Success study

More than a quarter of incoming CEOs spent their entire career at one company...

Incoming CEOs with previous experience¹⁾ in different companies

2015



1) "Previous experience in different companies" means new CEO had worked at another company at any time before being named CEO at current company.

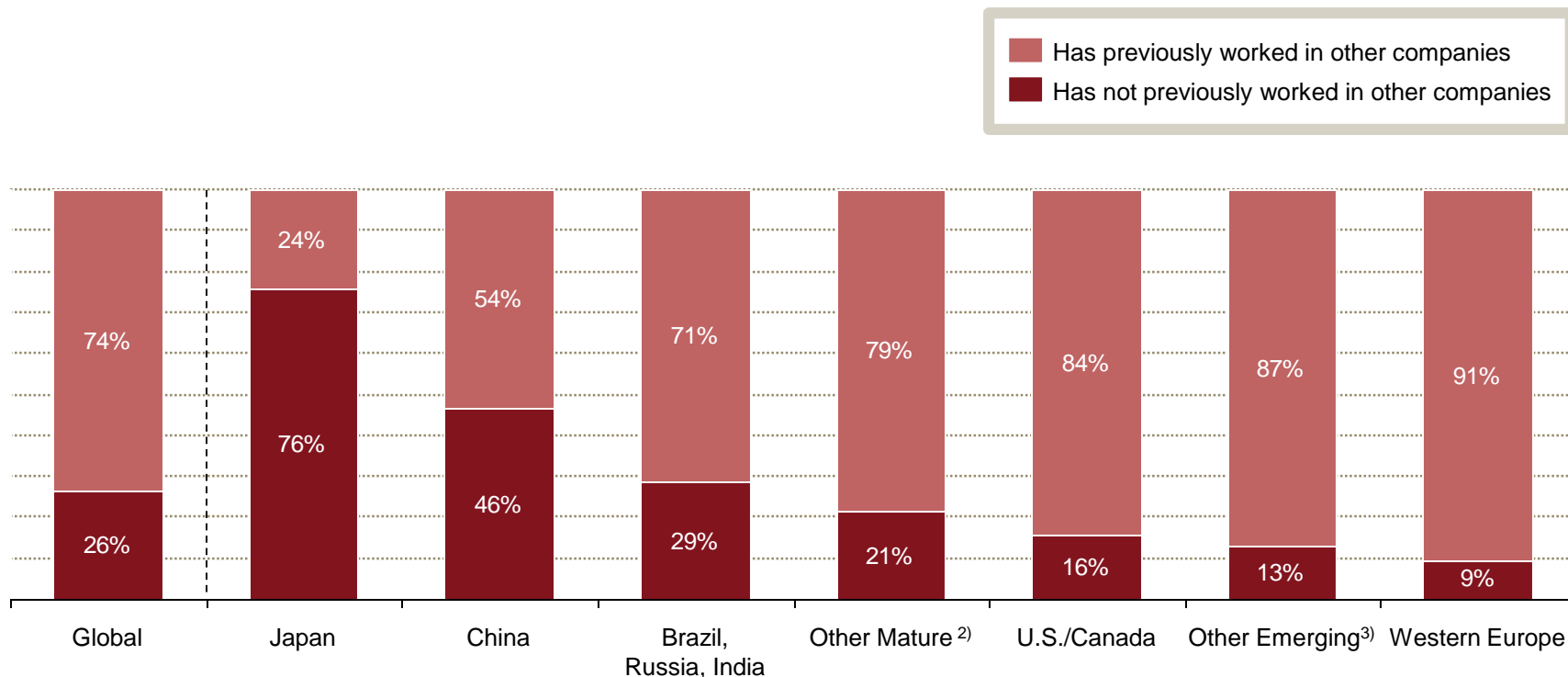
Note: Exhibit excludes turnover events resulting from M&A and interims and events with incomplete information.

Source: Strategy& 2015 CEO Success study

...a result of the high CEO turnover in Japan where three quarters of incoming CEOs spent their entire career at one company

Incoming CEOs with previous experience¹⁾ in different companies by region

2015



1) "Previous experience in different companies" means new CEO had worked at another company at any time before being named CEO at current company.

Note: Exhibit excludes turnover events resulting from M&A and interims

2) "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, Korea.

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Note 1: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

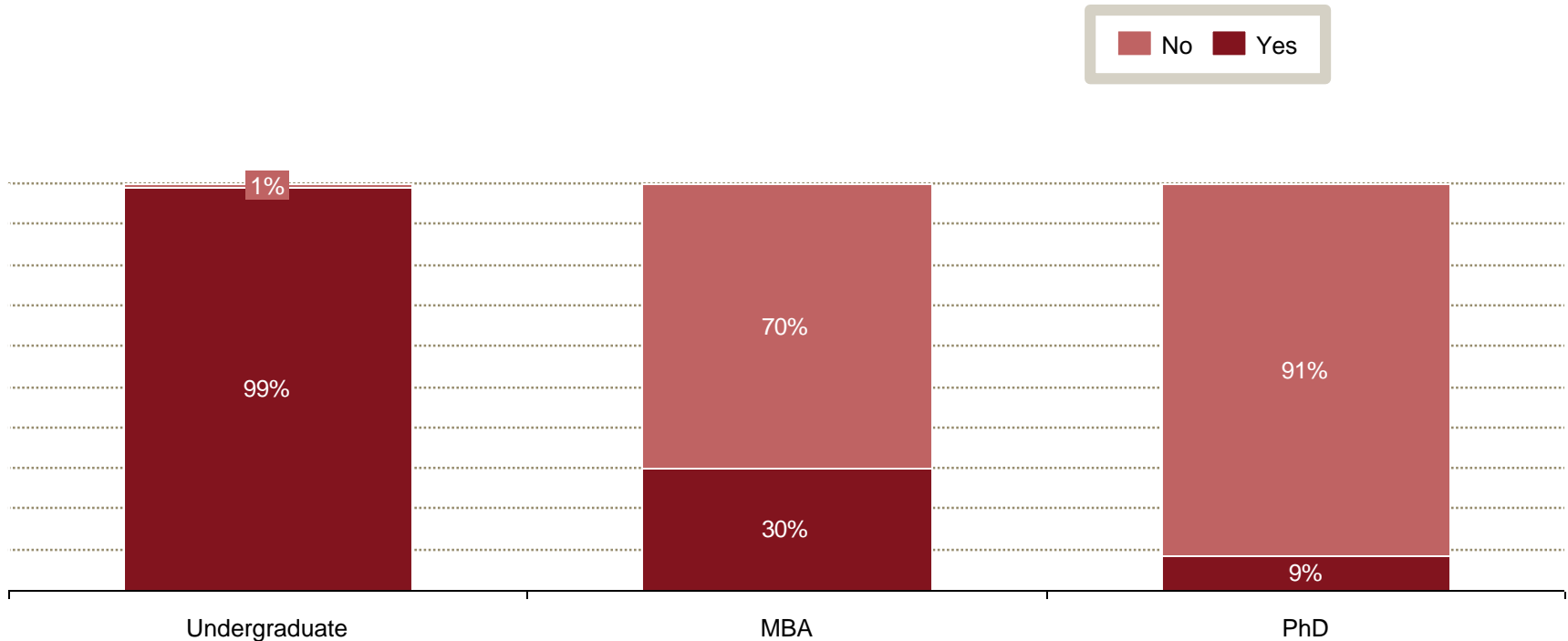
Note 2: Exhibit excludes turnover events resulting from M&A and interims and events with incomplete information.

Source: Strategy& 2015 CEO Success study

A third of incoming CEOs had an MBA and a tenth had a PhD

Incoming CEOs with and without selected degrees

2015



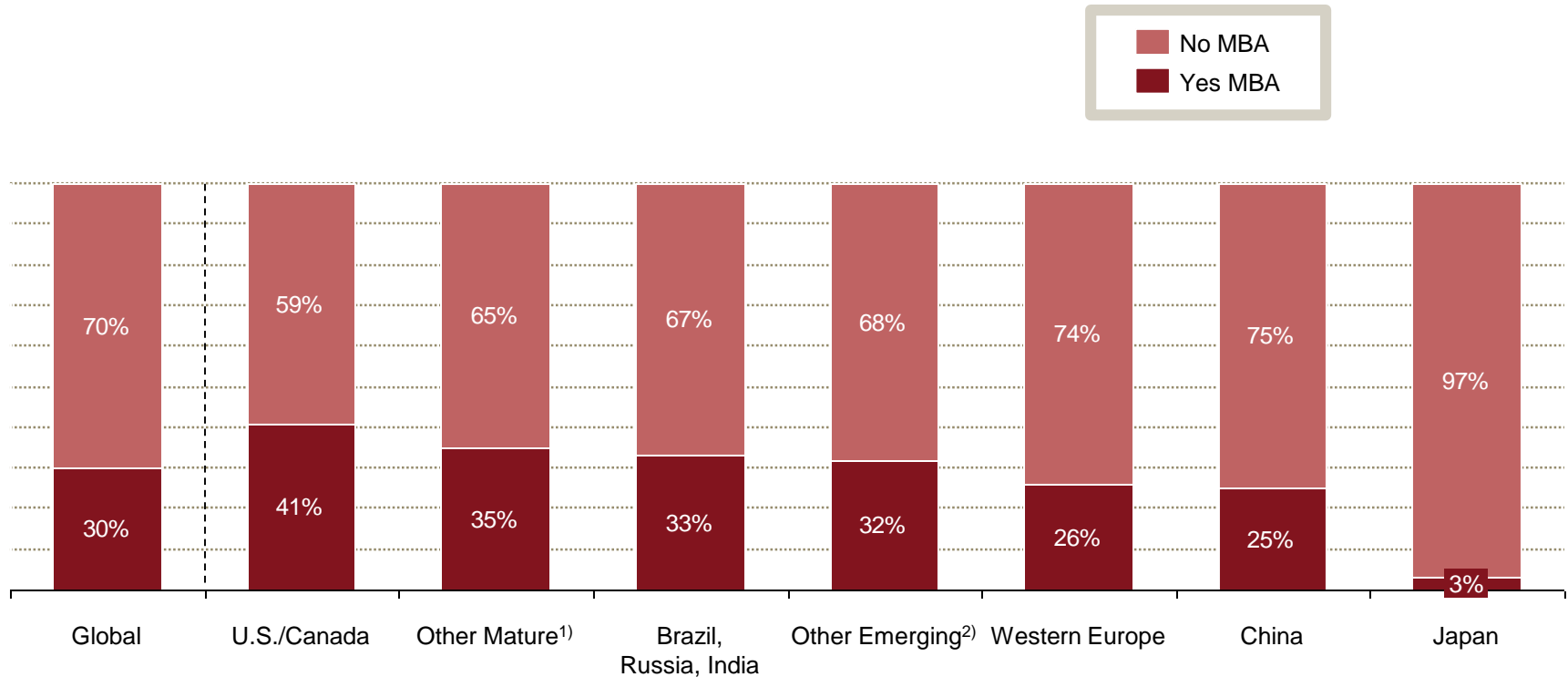
Note: Exhibit excludes turnover events resulting from M&A and interims and events with incomplete information.

Source: Strategy& 2015 CEO Success study

CEOs in the U.S./Canada were most likely to have an MBA

Incoming CEOs with an MBA by region

2015



1) "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, South Korea, etc.

2) "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam etc.

Note 1: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

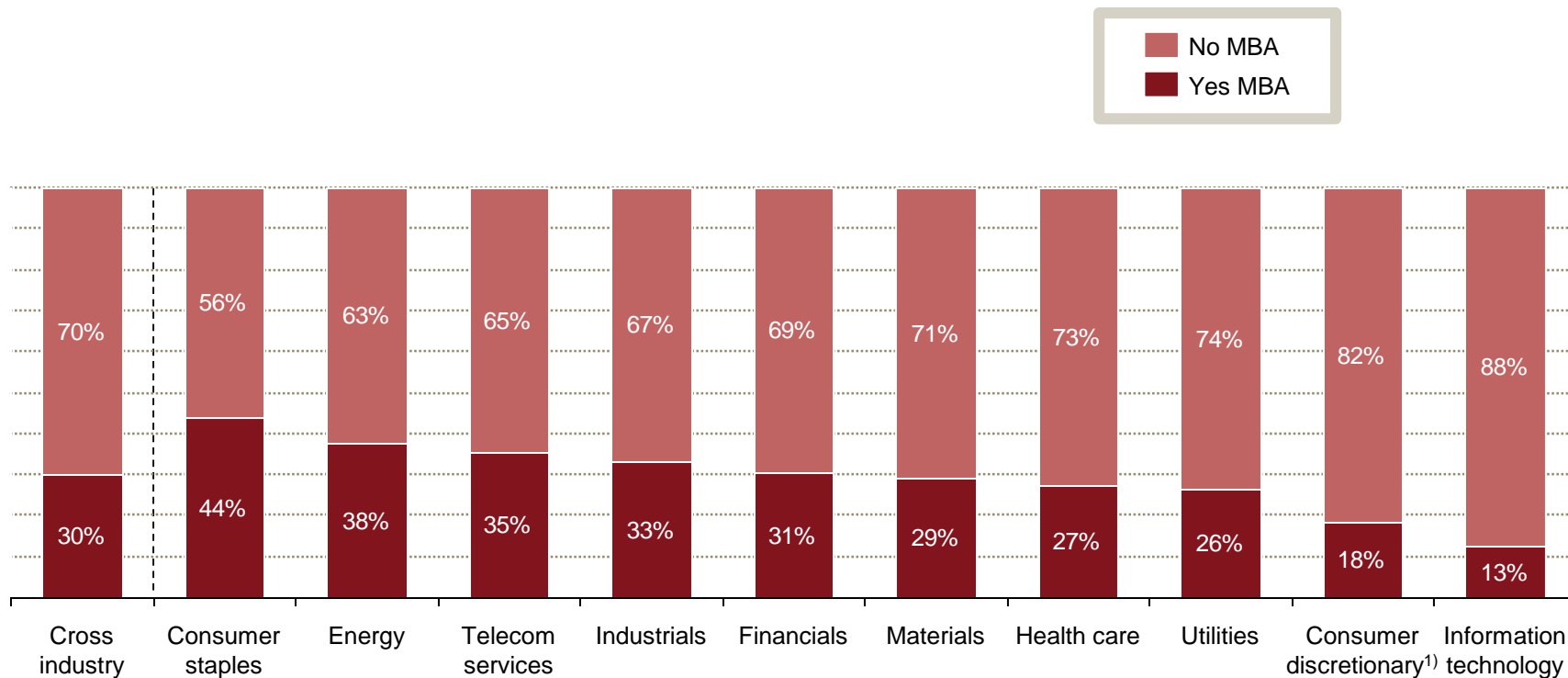
Note 2: Exhibit excludes turnover events resulting from M&A and interims and events with incomplete information.

Source: Strategy& 2015 CEO Success study

CEOs in the information technology industry were least likely to have an MBA

Incoming CEOs with an MBA by industry

2015



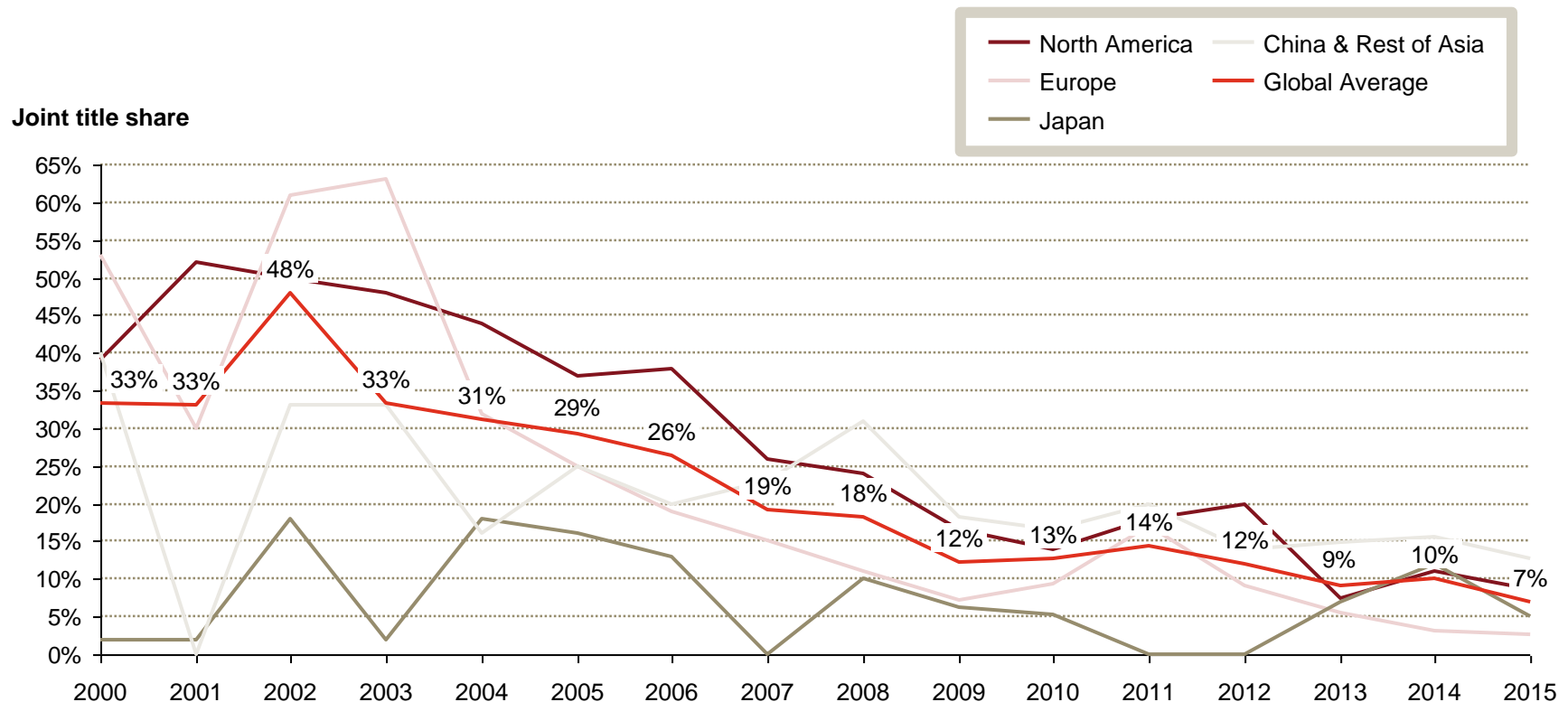
1) "Consumer Discretionary" includes automobiles and components, consumer durables and apparel, consumer services, media, and retailing.

Note: Exhibit excludes turnover events resulting from M&A and interims and events with incomplete information.

Source: Strategy& 2015 CEO Success study

Only 7% of incoming CEOs also held the position of chairman, a record low

Percentage of incoming CEOs who hold the joint title of CEO and chairman
2000–2015



Note: Exhibit excludes turnover events resulting from M&A and interims and events with incomplete information.

Source: Strategy& 2015 CEO Success study

Women CEOs summary

Women CEOs take a step back. The share of incoming women CEOs fell to 2.8%, the lowest percentage since 2011. Just 10 of 359 incoming CEOs (permanent and interim) in the class of 2015 were women.

Women CEOs in the U.S./Canada slide to the bottom. The share of incoming women CEOs in the U.S./Canada fell for the third year to the lowest in the study's history. There was just 1 woman of the total 87 (1.1%) incoming CEOs in the U.S./Canada.

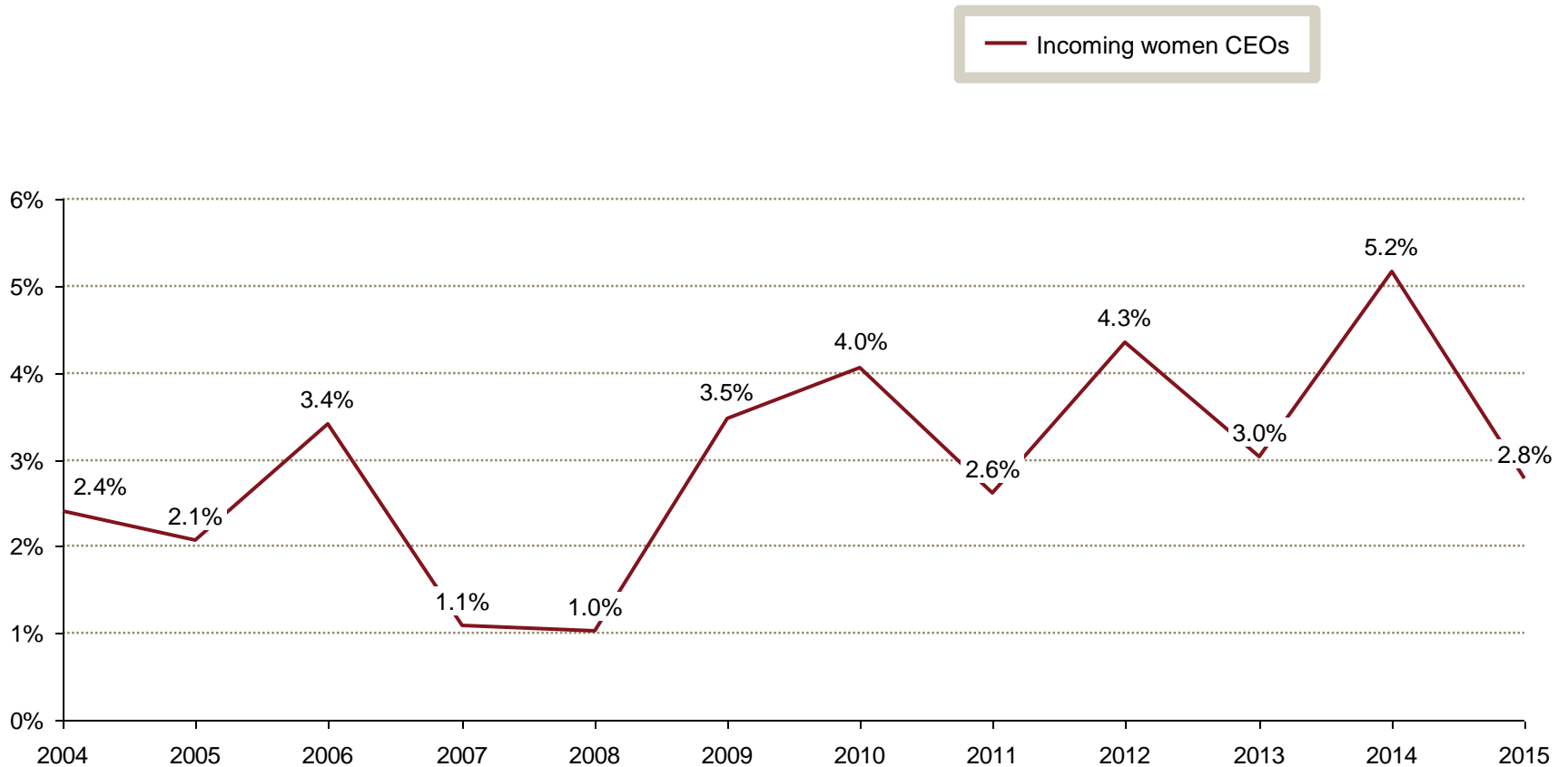
Women CEOs are more often hired from outside the company than men CEOs are. 32% of incoming and outgoing women CEOs were outsiders compared to just 23% of men.

There is improvement. As of 2015, it is no longer statistically significant that women CEOs are more often forced out of office than men. Over the last 12 years, 32% of women CEOs have been forced out of office compared to 25% of men.

In 2015, the share of incoming women CEOs fell to 2.8%, the lowest since 2011

Share of incoming women CEOs

2004–2015



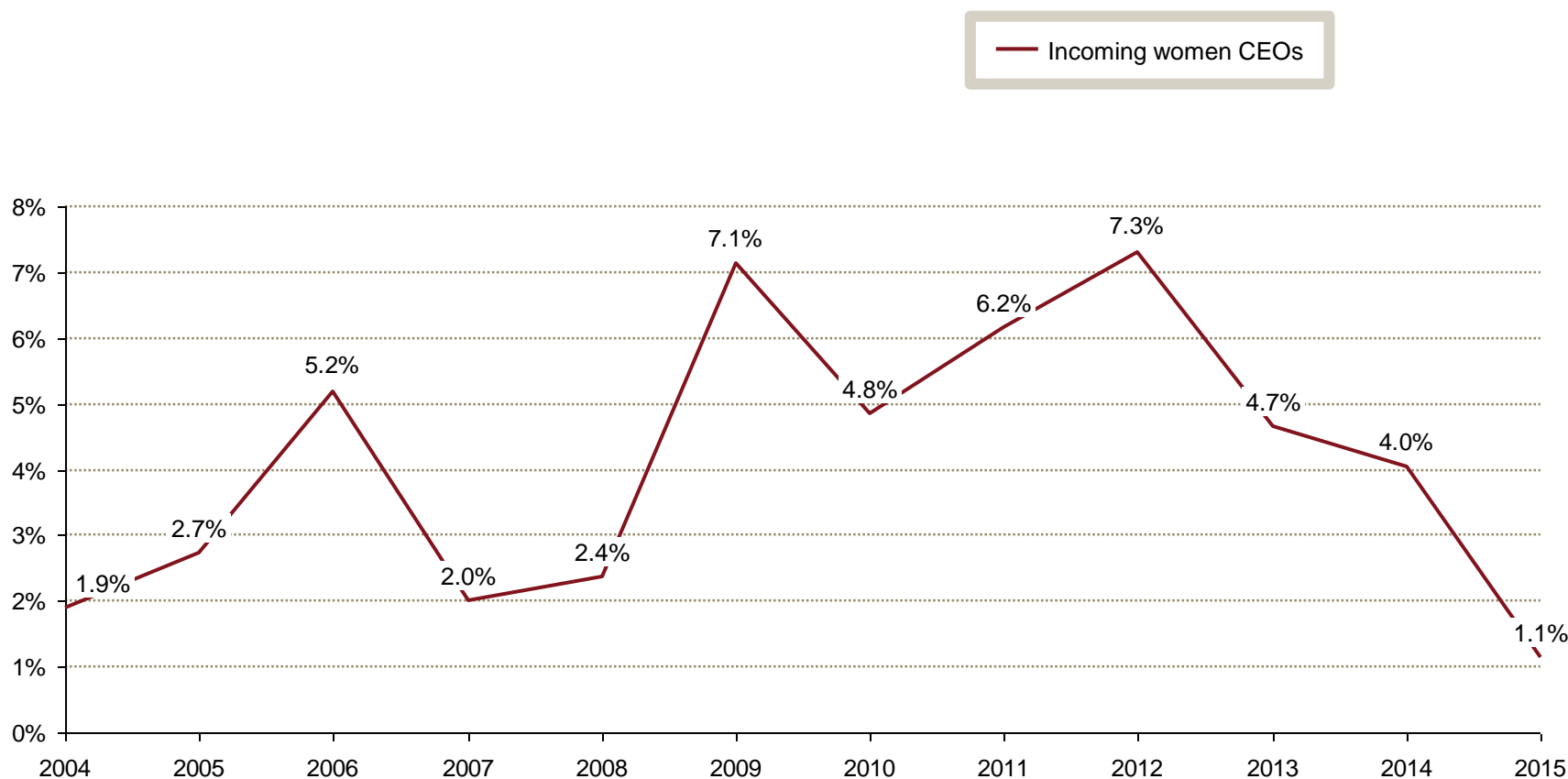
Note: Exhibit includes turnover events resulting from M&A and interims and excludes events with incomplete information.

Source: Strategy& 2015 CEO Success study

While the share of incoming women CEOs in the U.S./Canada fell for the third year to the lowest in the study's history

Share of incoming women CEOs in the U.S./Canada

2004–2015



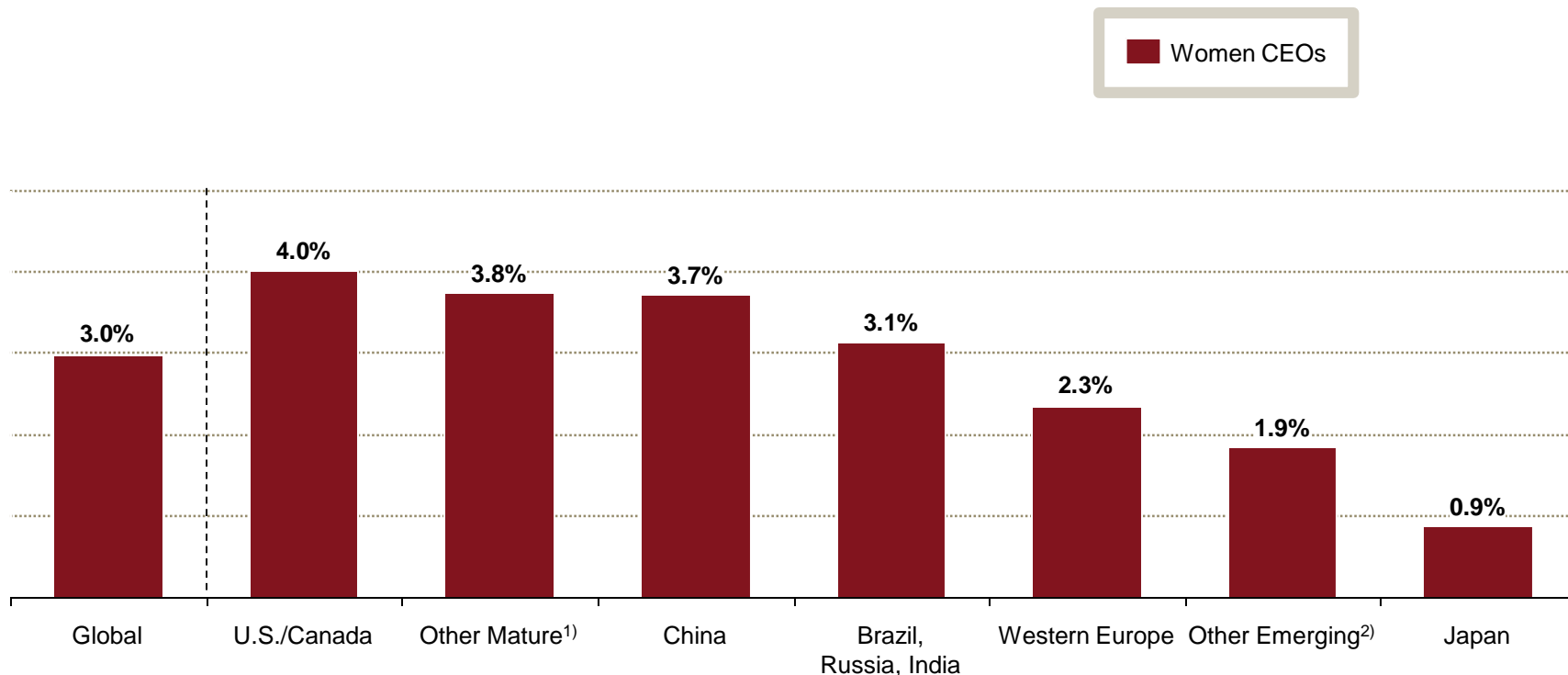
Note: Exhibit includes turnover events resulting from M&A and interims and excludes events with incomplete information.

Source: Strategy& 2015 CEO Success study

However, over the last 12 years, the U.S./Canada has hired the largest share of women CEOs

Percentage of incoming women CEOs by region

2004–2015



1) "Other Mature" economies include Argentina, Australia, Bahrain, Chile, Czech Republic, Hong Kong, Hungary, New Zealand, Poland, Korea.

2) "Other Emerging" economies include Egypt, Kazakhstan, Mexico, Nigeria, South Africa, Turkey, Vietnam.

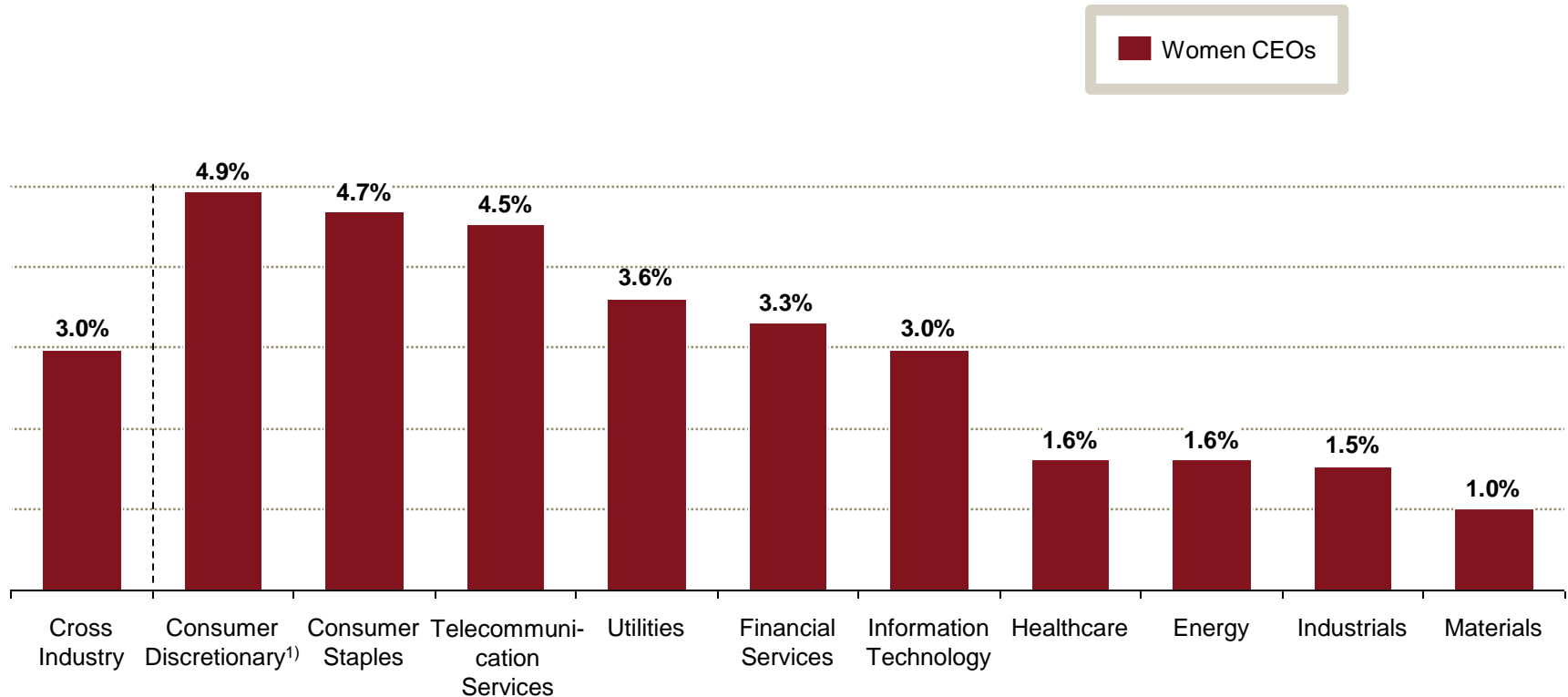
Note: "Mature" countries are defined as per the U.N. Development Programme 2015 ranking of countries with "very high human development" (human development index >0.80); all others are "emerging" countries.

Note: Exhibit includes turnover events resulting from M&A and interims and excludes events with incomplete information.

Source: Strategy& 2015 CEO Success study

The consumer discretionary industry has hired the largest share of women CEOs

Percentage of incoming women CEOs by industry 2004–2015



1) "Consumer Discretionary" includes automobiles and components, consumer durables and apparel, consumer services, media, and retailing.

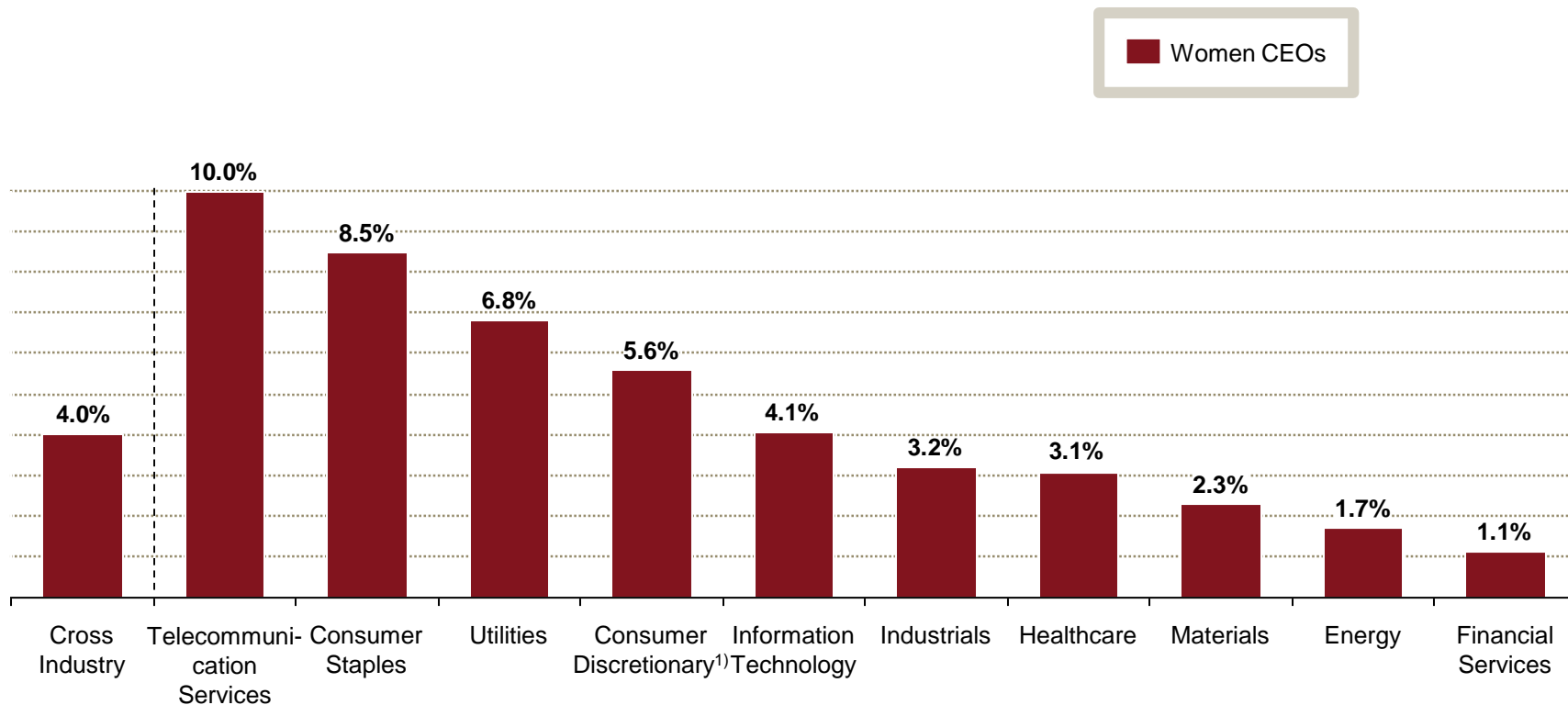
Note: Exhibit includes turnover events resulting from M&A and interims and excludes events with incomplete information.

Source: Strategy& 2015 CEO Success study

In the U.S./Canada, the financials industry has hired the smallest share of women CEOs

Percentage of incoming women CEOs in the U.S./Canada by industry

2004–2015



1) "Consumer Discretionary" includes automobiles and components, consumer durables and apparel, consumer services, media, and retailing.

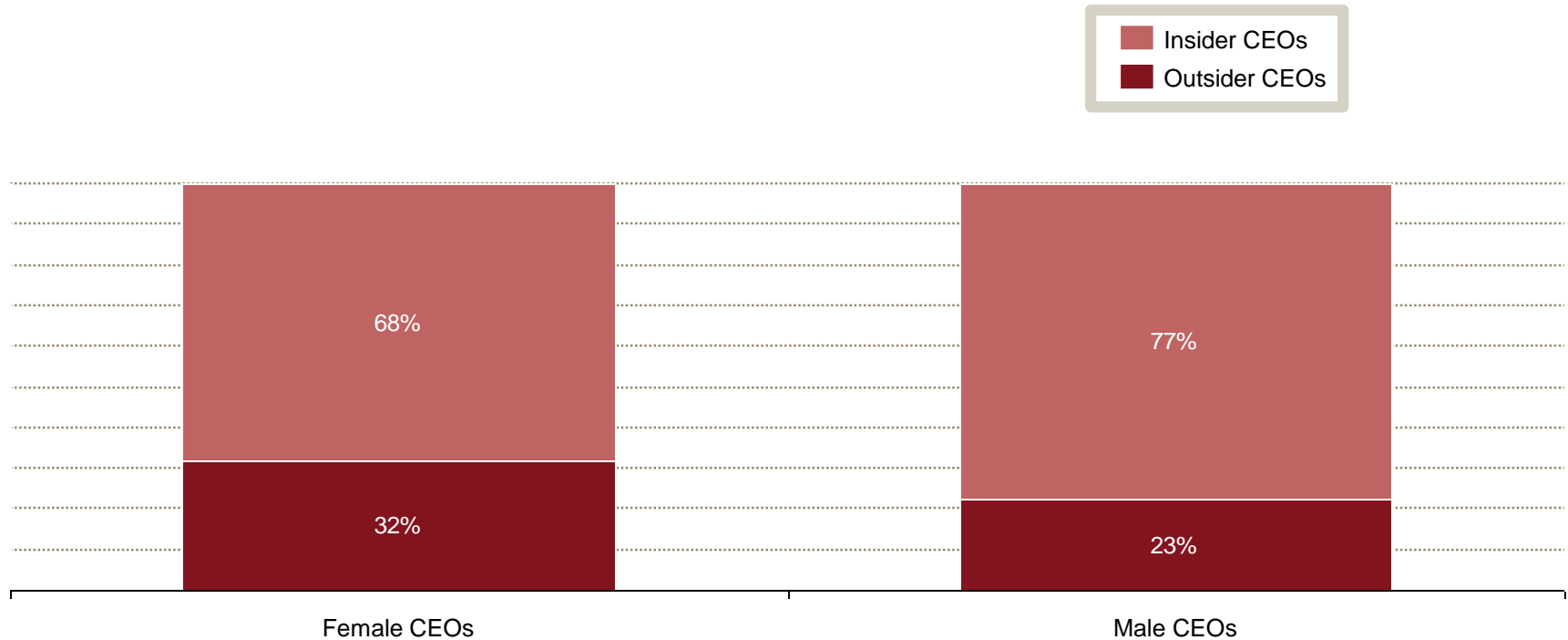
Note: Exhibit includes turnover events resulting from M&A and interims and excludes events with incomplete information.

Source: Strategy& 2015 CEO Success study

Women CEOs are more often hired from outside the company than men CEOs are*

Incoming and outgoing CEOs by gender and pedigree

2004–2015



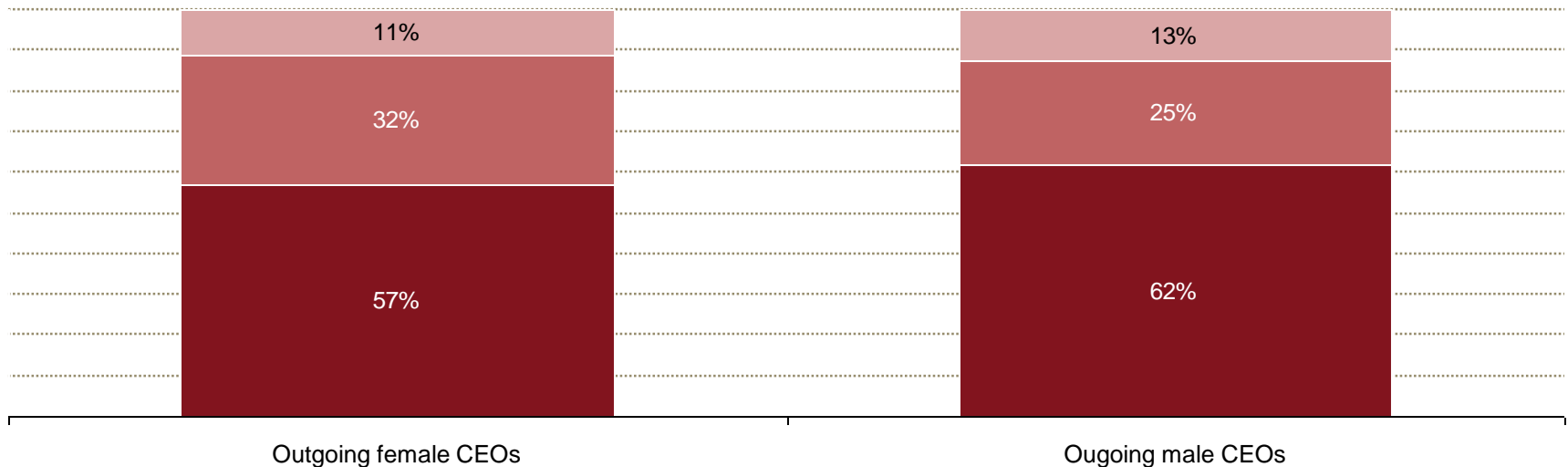
Note: Exhibit excludes turnover events resulting from M&A for incoming CEOs, interims for incoming and outgoing CEOs, as well as turnover events with incomplete information.

**The chi-square statistic is 7.5107. The p-value is .006133. The result is significant at $p < .05$.*

Source: Strategy& 2015 CEO Success study

From 2004 to 2015, women were 27 percent more likely to be forced out, but in 2015, for the first time, the difference was not statistically significant

Outgoing CEO by gender and pedigree
2004–2015



*Note: Exhibit excludes turnover events with incomplete information.
Source: Strategy& 2015 CEO Success study*

Definition of terms

Succession: A succession event is defined as when a CEO leaves office, regardless of whether or not a new CEO is selected to take his or her place, or when the company's leadership structure changes to add CEOs.

We group the succession reasons into three categories:

- M&A
- Forced
- Planned (successions that are the result of neither M&A nor a forced removal)

We determine whether a succession is forced or planned using reports in the press, analyst reports, and the knowledge of Strategy& consultants from around the world.

Insider versus outsider CEO:

- **Insider:** A CEO is considered an insider if he or she worked at his or her current company *at least one day* before becoming CEO.
- **Outsider:** A CEO is considered an outsider if he or she was hired directly from a company other than the one he currently leads.

TSR: All total shareholder return figures we use are annualized TSR over the total tenure of outgoing CEOs and are regionally adjusted, meaning that performance is measured relative to a regional index (S&P 500, Brazil Bovespa, FTSE 100, CAC 40, etc.)

Methodology

The CEO Success study identified the world's 2,500 largest public companies, defined by their market capitalization (from Bloomberg) on January 1, 2015. We then identified the companies among the top 2,500 that had experienced a chief executive succession event between January 1, 2015, and December 31, 2015, and cross-checked data using a wide variety of printed and electronic sources in many languages. For a listing of companies that had been acquired or merged in 2015, we also used Bloomberg.

Each company that appeared to have changed its CEO was investigated for confirmation that a change occurred in 2015, and additional details — title, tenure, chairmanship, nationality, professional experience, and so on — were sought on both the outgoing and incoming chief executives (as well as any interim chief executives). Company-provided information was acceptable for most data elements except the reason for the succession. Outside press reports and other independent sources were used to confirm the reason for an executive's departure.

Finally, Strategy& consultants worldwide separately validated each succession event as part of the effort to learn the reason for specific CEO changes in their region. To distinguish between mature and emerging economies, Strategy& followed the United Nations Development Programme 2015 ranking. Total shareholder return data over a CEO's tenure was sourced from Bloomberg and includes reinvestment of dividends (if any). Total shareholder return data was then regionally market adjusted (measured as the difference between the company's return and the return of the main regional index over the same time period) and annualized.

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