



Who wants to be a CEO in 2012?

A review of the reasons behind many high-profile departures

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AN INTRODUCTION BY MOIRA BENIGSON

The day that **António Horta-Osório** left Lloyds Banking Group for an indefinite leave of absence due to “extreme fatigue”, £1bn was wiped off Lloyds share value. The 47-year old chief executive had been in post for just seven months.

Last month, as China Dongxiang, China’s leading sports apparel retailer, announced that its CEO, **Sandrine Zerhib**, was quitting less than a year into the job, the Hong Kong traded shares dived 8.4 per cent. The former President for Adidas China cited “personal reasons” and “other business commitments” as reasons to go.

This year alone has seen the premature departure of an alarming number of senior directors from high-profile roles with disastrous consequences for the companies they serve.

In January **Jeff Kindler**, chief executive of Pfizer, left his office to “recharge (his) batteries;” in May **Masataka Shimizu**, president of Tokyo Electric Power, the company at the centre of Japan’s nuclear crisis, left as a result of “overwork and lack of sleep”.

Just a few weeks ago Barnes & Noble, the bookseller, lost its CFO, **Joseph Lombardi**, to “exhaustion.”

We’ve seen highly talented individuals reject opportunities, which they’d be well-suited to, in favour of a role which will make the most of their skills but will shield them from the public demands of the top job.

Clearly something is wrong with the way companies expect talent to take on a role which may simply be too challenging for one person to tackle. On the recent debate over the question of remuneration it seems that, no matter how large the financial rewards, some jobs remain impossible to do. This report, or extended observation, illustrates some of the reasons why things have to change if corporate companies are to attract and retain the best people.

Moira Benigson
Managing Partner, The MBS Group

A handwritten signature in black ink, reading "Moira Benigson". The signature is written in a cursive, flowing style with a large, prominent 'M' and 'B'.



AN EXODUS OF TALENT

New research undertaken by The MBS Group, the international executive search firm, seeks to examine some of the reasons for an exodus of talent from the C-suite.

Exhaustion

Jeff Kindler was one of the first high-profile corporate leaders to come clean about the real pressures of a job at the top, claiming his departure was in part due to exhaustion after four years running a \$138bn pharmaceutical company that has struggled to develop new drugs and meet shareholders' expectations.

He says: "The combination of meeting the requirements of our many stakeholders around the world and the 24/7 nature of my responsibilities, has made this period extremely demanding on me personally," adding that he would take time out to "recharge" his batteries.

Personal Reasons

In the past when executives left their posts "for personal reasons" it invariably meant they'd been fired. Today, it is more likely to mean exactly what it says: a decision to find work that is more rewarding personally and has space for some kind of personal life.

In July, **Tom Alexander**, chief executive of Everything Everywhere, the result of the merger between Orange and T-Mobile, shocked the stock market with his abrupt announcement he was leaving "for personal reasons" adding that it was "a good time to rediscover my family who live in Somerset."

Sally Davis, chief executive of BT Wholesale, whose 2010 revenues were £4.21bn, stepped down from the job this August. Company statements cited personal reasons and said it recognized "she has competing demands on her time."

The Brazilian iron-ore producer, MMX, lost its 44-year old chief executive, **Roger Downey**, this October. The former equity analyst at Credit Suisse says he took the decision to "live life a little slower and closer to his family."

Corporate nonsense

It isn't always stress and exhaustion that forces chief executives to rush for the doors: it can also be the drudgery of the role and remoteness from the real business.

When **Anthony Thompson**, then boss of Asda's multi-million pound George division, announced his decision to join Fat Face, eyebrows were raised. Thompson was an acknowledged retail star, having built volume sales at George to overtake M&S, his previous employer. **Andy Bond**, then Asda's chief executive, said of his performance that he knew how "to make the business extraordinary again."

Explaining his move, Thompson says, "I enjoyed my roles at large corporates but progressively less as time went by. I spent some time thinking about when I was happiest in my career and realised that now was the time to go back to a private, smaller company."



He continues, “My life has changed. I waste less time. I also work just as hard now on having a fulfilling home life as I do my professional life. I no longer have to slavishly adhere to corporate nonsense and overbearing governance.”

“Corporate nonsense” is an oft-cited blight on executive time. **Jason Fried**, the co-founder of 37signals, a web applications developer, talks eloquently in his TedTalk, of the deadening effect of M&Ms (meetings and management). He argues that the office is the last place most people choose to get work done (except perhaps very late at night when everyone has gone home) and the colossal time wasted in M&Ms.

By contrast, Thompson says, “I have a very challenging role in a smaller company and I am looked at more often for practical leadership solutions and direction. I also need to roll my sleeves up and get stuck in more! I’m so much closer to customers now and feel really close to my teams. Status and recognition is not important - for me, one of my biggest personal achievements was dropping out of the Retail week and Drapers top 100!”

Sara Mathew, chief executive of credit ratings agency, Dun & Bradstreet, agrees. Joining from FMCG behemoth Procter & Gamble, Mathew says, “Sometimes I fly at 50,000 feet and sometimes I’m five feet off the ground, rolling up my sleeves and getting something done. And actually I like that.”

Maggie Wilderotter, now chief executive of Frontier Communications, the US telecoms company, went from being COO at AT&T Wireless to the CEO of Wink, a start-up. Now she tries to instill the best of an entrepreneurial culture within the company she heads, saying, “You can do small within big. I run a Fortune 500 company today but I run it very entrepreneurially. We break everything down into small projects, small teams.”

The pressure to deliver results

Pressure to deliver ever-upward financial results on a quarterly cycle is one that those who have left public companies are happy to have left behind. **John Jackson**, chief executive of the Jamie Oliver Group, says, “Working in a private company as opposed to a PLC, gives you greater freedom to implement a strategy that delivers long-term benefits, whilst the short-term may suffer. With quoted companies your eye is always on the next set of announceable figures, always ensuring they are better than the last set. Sometimes results take longer to come through even though the strategy is correct.”

Moira Benigson agrees: “When shareholders aren’t pressurising, then the media often are. There seems to be an expectation that the CEO of a FTSE 100 or an international conglomerate has to ‘personify’ the business in some way. It’s become accepted that the CEO has to play a part, to perform to the media and represent the company away from the boardroom and shareholders. This is an intolerable strain for some people, no matter how talented they are.” Social media and instant news sharing has made the chief executive’s office (and his or her home) into a goldfish bowl.”

While most chief executives are able to control their language and emotions better than **Carol Bartz**, the chief executive of Yahoo until recently fired “over the phone,” she was brutally pilloried by a hostile press for her lapses.



Comments like needing “some friggin’ breathing room” or that some Yahoo employees weren’t “f-ing doing anything” were instantly tweeted and then reported, while the amateur video showing her telling TechCrunch’s Michael Arrington to “f- off” at the TechCrunch Disrupt conference attracted almost a quarter of a million views on YouTube.

Media Scrutiny

The public drubbing meted out to **Tony Hayward**, the former BP chief executive, during the height of the Deepwater Horizon oil spill, was disproportionate and personal, as indeed was the furore that accompanied the revelation that **Lord Browne**, a previous BP chief executive, was gay.

In his memoir, Lord Browne says of his response at the time, “I had been found out; I panicked.” Working in the macho oil business Lord Browne felt was incompatible with being openly homosexual. “It was obvious to me that it was simply unacceptable to be gay in business, and most definitely the oil business,” he says.

Andrew Liveris, chief executive of Dow Chemical, told the FT in May that the worst thing about his job is “no privacy.”

For those who choose to swap large in favour of small, ownership can yield big rewards. **Andy Bond**, former chief executive and then chairman of Asda, is now chairman of equity-backed, fast-growth cycle retailer, Wiggle. By buying a stake in a young business that combines his retail expertise and a personal passion for cycling, he is able to align his skills with his interests: “I’m very passionate about cycling but this role is perfect for me as Wiggle is also a great business with lots of growth,” he says.

Losing talent

Disruption at the top often leads to major talent loss. Look at Yahoo. Since it sacked its chief executive, **Carol Bartz**, the online media company has been running rudderless as the board fails to find a replacement. High-profile losses include Yahoo’s Head of M&A, **Taylor Barada**, only months into his role, to Zynga; **Anna Toth**, Yahoo’s chief trust officer (who recently announced her resignation abruptly on her Facebook page) and **Scott Noteboom**, a senior data executive, who joined Apple last month.

Wal-Mart China’s losses in recent months have included President **Ed Chan**, “for personal reasons”, SVP of HR, **Clara Wong**, also for “personal reasons” following the exodus of the CFO and COO both “to explore other opportunities.”



THE ALTERNATIVES – AUTONOMY, FREEDOM AND CREATIVITY

Maria Pinelli, global vice chair for strategic growth markets at Ernst & Young, says VC-backed and fast-growth firms “increasingly recruit from large corporates.” While there is no less work in a start-up than a large public company – “there is still travel, having to do more with less, less infrastructure, limited resources” – those that jump from corporates to entrepreneurial ventures are “doing it for passion, to make a difference.”

While fast-growth companies will eventually go through all the scrutiny that comes with an IPO, Pinelli says, “What’s different about it is what they are creating.” Being chief executive is demanding no matter what the size of the enterprise, Pinelli says, “but it’s the work that is different and the motivation.”

Chief executive of Whistles, **Jane Shepherdson**, has a 20 per cent stake in the retailer she now runs. Her career highway at Arcadia Group pointed to the C-suite, but a turning off it to join the independent firm has brought with it autonomy, freedom to be her own boss, and the real rewards of growing a business.

In the heady world of Silicon Valley, there has always been something of a tradition that executives in large companies join the new guard. Cynics may say it is the gleam of personal gain following IPOs and M&A deals that make these roles attractive, but there is also evidence that many of the brightest tech talents enjoy the entrepreneurial spirit that infuses early-stage, fast-growth companies.

VeriSign, the internet infrastructure company whose revenues were \$681m in 2010, this month lost its CEO to private company, Palo Alto Networks – a much smaller concern with annual sales of \$50m. Last year, start-up Bazaarvoice Inc poached Dell’s chief marketing officer, Erin Mulligan Nelson, to join its executive team.

Conclusions

Large public companies would do well to examine the nature of the chief executive’s role. Working with shareholders to explain longer-term strategic objectives, shielding them from the worst of the media glare and ensuring they are properly supported from within are all helpful strategies.

Moira Benigson concludes “While some people are better suited than others for the particular pressures of a role at the top, some roles may need re-assessing to make them more do-able, more enjoyable and in the end more productive.”

She continues, “As headhunters, it’s an interesting challenge to assess the talents of the people who are available to corporate companies and not to blindly push them into roles which bring the wrong kind of pressures.”

“For some, there is just as much job satisfaction to be derived from taking a less high profile role which will deliver just as much personal and professional reward. In our work, when we’re asked to find the right person for a job we think just as broadly and creatively about matching the right role to the person as finding the right person for the role.”



ABOUT THE MBS GROUP

The MBS Group is the UK's leading executive search firm that focuses solely on Board level, Executive and Non-Executive Search, Intelligence and Organisational Change for the consumer, retail, leisure, technology and luxury sectors.

Founded 22 years ago by Moira Benigson, the company has maintained continuous organic growth by taking a direct and personal approach to each assignment. Its approach is unique in the sector, drawing upon the expertise of Moira and the senior specialists in the firm. As such it enjoys privileged access to some of the most influential UK business leaders, and is well informed about its clients' market developments as well as their business decisions and strategies. There is total commitment to helping clients hire the best people to the right roles and really optimising the performance of their teams.

**Executive Search
and Talent Management**

The MBS Group
3 Primrose Mews
Sharpleshall Street
London NW1 8YW
T +44 (0)20 7722 1221
www.thembgroup.co.uk

Moira Benigson Executive Search LLP is a limited liability partnership registered in England and Wales under Companies House No. OC357255.
Registered office and principal place of business: 3 Primrose Mews, 1A Sharpleshall Street, London NW1 8YW