

# MESSENGER ASSOCIATES, INC.

A Member of the Drake Beam Morin Worldwide Network

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## **CEO TENURE AT RISK WORLDWIDE, REPORTS DRAKE BEAM MORIN -- Global Study Reveals Diminishing Job Security for CEOs -- -- Instability Likely to Impact Succession Planning and Executive Careers --**

It may pay exorbitantly and provide the ultimate career challenge, but don't count on the CEO job lasting very long, says the first global study ever focused specifically on CEO tenure. Conducted by Drake Beam Morin (DBM), the world's leading provider of human resource solutions, the study reveals that the long-tenured CEO will become increasingly rare, and fewer CEOs can expect to hold their jobs until retirement. Further, it shows that CEOs' abbreviated reigns require them to implement their plans within tighter timeframes, reinforcing the current corporate focus on achieving short-term business results.

DBM studied 476 of the world's largest private and public corporations, spanning 50 industries in 25 countries, to examine the impact of corporate change on CEO careers and job security, and to determine how companies handle these high level transitions.

Nearly half of all current CEOs have held their job for less than three years. In just the past five years, close to two-thirds of all companies have installed a new CEO.

"In virtually every industry and country, CEO turnover is rising and leadership changes are occurring more frequently," said Anne Messenger, President of Messenger Associates, Inc., A Member of the Drake Beam Morin Worldwide Network. "The impact of this high turnover is directly shaping today's definition of corporate leadership. Faced with a merger-fueled economy, impatient shareholders and an uncertain future, CEOs can't help but adopt a short-term, high-payoff mindset when it comes to planning and pursuing desired business goals. Just as today's worker should expect multiple careers, so, too, should today's CEO."

***Merge and Purge*** -- Not surprisingly, given the continued waves of industry consolidation, DBM reports nearly half of all CEO departures to have resulted from mergers or acquisitions. Another third is attributable to retirement, and less than 10 percent departed either from dismissal or resignation.

***Succession Selection*** -- DBM discovered that most companies are quite insular, with nearly 85 percent having reached within their own senior management ranks for a CEO replacement. This pattern is fairly consistent from country to country, with Japanese companies having a high tendency (100%) and French firms seeming less apt (75%) to tap inside successors.

***Profile of the New CEO*** -- Also revealing is the tenure of inside successors: Nearly half had been with their company for at least 10 years, while more than 35 percent had served at least 20 years. Additionally, nearly 50 percent of inside successors had most recently served as president, chairman or COO of their organizations. When companies select a new CEO from the outside, however, executive experience is deemed even more important, says DBM. More than 80 percent of companies who recruited outside of their organizations chose candidates with either CEO, chairman or COO experience.

“These findings reinforce what we’ve seen and heard for some time: There really are very few shortcuts to the top. The combination of executive experience and company-specific knowledge is vitally important,” Messenger said. “Despite high CEO turnover rates, an individual’s patience, perseverance, dedication and a strong track record still provide the best entrée into the executive suite.”

***Turnover by Industry and Country*** -- CEO turnover occurred at nearly the same rate in companies throughout the world, regardless of country or industry. (The average number of CEOs per company: 1.9.) The average CEO turnover in Japan roughly equaled the U.S. pace, despite the common cultural practice among senior Japanese executives to stay with their companies for decades. Australia had the highest turnover rate, with 2.4 CEOs per company during the 1990s.

**For more information and to receive a copy of the Drake Beam Morin CEO turnover study, contact (Anne Messenger, (315) 453-8808, [amessenger@amgr.com](mailto:amessenger@amgr.com)).**

Messenger Associates, Inc. (MAI), a company specializing in career management and human resource consulting, has offices in Syracuse and Binghamton. It is an independently owned firm closely affiliated with Drake Beam Morin, the worldwide leader in providing strategic human resource solutions that help organizations align their workforces to meet changing business needs. Drake Beam Morin provides innovative, flexible services in employee selection, development, retention and transition. Founded in 1967, the company now has more than 200 offices in 40 countries. Drake Beam Morin is a subsidiary of Harcourt General, a \$2 billion publishing and education company. Visit Drake Beam Morin at [www.dbm.com](http://www.dbm.com).

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