

**25x25 PRESS RELEASE****9<sup>th</sup> December 2024****UK plc Boards don't trust their internal CEO succession planning**

- Poor CEO succession is eroding shareholder value and creating a critical skills deficit which will be expensive to fix

**25x25**, the not-for-profit membership association founded in 2021 by leading FTSE100 companies and organisations committed to improving Succession and Talent Planning, including the diversification of skills and executive gender-balance, today launches its second research report. The report focuses on the pathways to CEO in FTSE 100 companies and discusses the risks poor succession planning can cause.

**The research shows that over 50% of FTSE100 CEOs are external appointments versus circa 20% of US' Fortune 100 CEOs**, suggesting a lack of trust from UK boards in their own companies' internal succession planning. **Of these external appointments, 88% were replaced with CEOs with exactly the same skillsets, and 94% were men.**

**Poor CEO succession planning erodes UK plc shareholder value by around £60-100 billion per year, the research estimates.** Additionally, the lack of diversification in skills coming through to senior leadership levels may cause a critical deficit, especially in leaders with technology skills or with exposure to new technologies.

**The research found that pathways to CEO are far too narrow and too male, with 90% of FTSE100 CEOs coming through just three routes (CEO/Divisional CEO, CFO or COO) versus 66% in the Fortune 100.** Going back one step, to the role before the prior role, the research found that 80% of the CEOs were in exactly the same three routes. This prevalence of siloed progression is sharply at odds with the observations of the Chairs in the 25x25 network who state that breadth of experience creates better leaders.

These narrow routes also explain in part why so few women in the UK are becoming CEOs. **Currently, women represent 23% of people on Exco in these three routes, but even these women are not progressing to CEO. During June 2023 and June 2024, only two out of the 17 new CEO appointments were women.**

Additionally, the research shows that some of the wider stakeholders, including regulators and investors, may inadvertently be creating a further drag on progress. Regulated companies may be under some pressure to appoint **lookalike candidates to reassure regulators and investors and speed up the appointment process.** The research notes that this effect is very common when the incumbent CEO departs unexpectedly or suddenly.

The research suggests that unless a concerted effort by UK plc as a whole and its wider stakeholders is undertaken, a critical skills and experience gap may continue to build. **To remedy this situation, talent planning in the UK must become more intentional.**

**Tara Cemlyn-Jones, CEO 25x25 said:**

*“UK plc needs to seriously improve its Succession & Talent Planning. Our members take talent planning seriously but we need to achieve greater critical mass. As we can see from the data, Boards don’t trust their internal planning and CEO appointments are often reactive. Given Brexit, global transformation, and the ever-increasing competition for skilled talent, UK plc could find itself in an expensive place to play catch-up.”*

**Rick Haythornthwaite, Chair, NatWest said:**

*“Robust succession planning is a vital component of long-term strategy for every business – ensuring there is a pipeline of well tested capable future leaders. The NatWest Executive Committee has a gender balance of 40% women, with some key hires made over the last 12 months – including the appointment of our new Wealth CEO. Importantly, the leadership team has a diversity of skills and experience, which is fundamental to the 25x25 framework.”*

**Karin Hoeing, Group ESG, Culture and Business Transformation Director, BAE Systems said:**

*“As one of the founding members of 25x25, I have been delighted to see the progress 25x25 has made, working with us and other members, in the development of its data and talent process tools to help broaden the pathways to CEO and therefore the diversity of executive gender and skillset.”*

**Kirsty Wilson, Global Exco Partner, Baker McKenzie said:**

*“At Baker McKenzie, we recognize the critical importance of intentional talent planning to address the evolving needs of the corporate world. Our collaboration with 25x25 underscores our commitment to fostering diverse leadership pathways and ensuring that our future leaders are equipped with the necessary skills and experiences to drive innovative and inclusive growth.”*

**Notes to editors**

To arrange an interview or for further information, please contact:

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**About 25x25**

25x25 Limited (25x25) is a not-for-profit membership association founded by leading organisations committed to improving Succession & Talent Planning, including executive gender-balance, and sharing best practice across the wider business community.

25x25 launched in November 2021 with 14 founding members and now has 24 members including currently as diamond members - BAE Systems, Baker McKenzie, Barclays, bp, NatWest Group; gold members - British Land; and standard and other members - Admiral Group, Brunswick Group, Centrica, Deloitte, GSK, IG Group, ITV, Linklaters, Lombard Odier

Investment Management, Martin Currie, Morgan Stanley & Co International, National Grid, Pennon Group, Royal Air Force, Smiths Group, Spectris, Spirax Group and Unilever.

25x25's network includes the leadership teams (CEOs, Chairs, Chief People Officers and other board and Exco members) at over 460 organisations including most of the FTSE100. Its experts also include recruitment and search agents, senior members of the judiciary, the media, academia and others, and comprises over 1,400 leaders in total to date.

With its members and network, 25x25 has developed the 25x25 Framework, a set of best practices on succession and talent planning, and data analytics tools. Its first data tool was made available for free to any user in December 2023 and now has close to 2,000 users. Its first research report was launched in December 2023, and over the last three years, it has organised over 18 specifically curated events to promote peer-group sharing of learnings.

**In 2025, we will be publishing our analysis of FTSE100 CEO Pathways versus international markets.**

To join as a member, please contact us here: [Join Us](#), or if you wish to discuss how to work or collaborate with us, please contact us at [admin@25x25.com](mailto:admin@25x25.com).

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