

By: Tara Cemlyn-Jones, supported by 25x25 Data & Research Team led by Tommy Mount.

For the full report, which includes the Survey findings and our recommendations, contact us at: [admin@25x25.com](mailto:admin@25x25.com).

**Is UK plc developing enough transformative leaders?**  
And how will this impact UK growth

Key findings

1. The results of our Survey show that in UK plc:
  - a) **Insufficient 'transformative' CEOs are being developed, i.e.: strategic leaders required to grow, merge or acquire, and innovate.**
  - b) The majority of current CEOs are 'operator' CEOs, i.e.: operational leaders required to restructure, reduce costs or improve operating margins.
  - c) The need for an operator CEO versus a transformative CEO may be cyclical, and these cycles are getting shorter.
2. As a result, UK plc is seeking these transformative CEOs outside of their own organisations and has built a dependency on external CEOs that is much higher than similar markets – **58% of FTSE350 CEOs (52% FTSE100 and 62% FTSE250) compared to 27% for S&P500 and 23% for DAX40.**
3. This risks impacting UK growth, on the basis that any company requires a certain amount of transformative leadership, and to be so **reliant on seeking this externally at the highest level of risk and remuneration (at CEO level) may not be sustainable.**
4. **Shorter CEO tenure in the UK limits the incumbent CEOs' time to develop successors** - CEO tenure is 5.0 years for FTSE350 vs 7.9 years for S&P500 and 6.2 years for DAX40. Furthermore, operator CEOs are more likely to develop successors with similar skills. For women CEOs, average tenure is even lower - 4.1 years for FTSE350 versus 5.2 years for S&P500.

**This fast-changing landscape, we conclude, places even more pressure on Boards to have ready and effective CEO succession plans.** Furthermore, UK plc Boards may be under more pressure from UK investors on their CEO selection than Boards in comparable markets.

From our Survey however, we conclude that not enough forward-looking analysis is being done on CEO succession, and that much of the talent analysis undertaken by Boards as part of their **CEO succession and executive talent planning is based on historical patterns and criteria such as experience and skills, and this limits the talent pools being benchmarked.**

**We believe, however, that some of these issues are not structurally difficult to fix.** As a result of our work over the last four years with our members and wider network, we have seen that if a systematic and forward-looking approach is applied to CEO succession and talent planning, then the number of viable internal candidates can increase very rapidly. **But in order to do so, investment is required, and a review of the process and the data being tracked is a good starting point.**

We understand that markets which have a greater proportion of innovation and tech companies as part of their main market indices are more likely to have forward-looking leaders being developed internally. **But ultimately, we believe that any organisation must have some innovation, transformation and growth-minded leaders within its mix to be competitive.**

### Highlights from the Survey

1. Chairs and Boards take CEO succession and talent planning very seriously, as evidenced by the number of contributors to this Survey on *Nomination Committee Effectiveness on CEO Succession Planning*, where over 160 experts including 117 Chairs (mostly FTSE350), shared their views.
2. The results of the Survey show that while some companies are able to develop viable internal CEO successors well, many are seeking transformative skills externally at the CEO level.
3. From our Survey, where the Chair/Nomco/Board work closely with the CEO and Chief People Officers or equivalents using a data-driven forward-looking framework for succession and talent planning, the likelihood of viable internal candidates emerging increases significantly.
4. This closer integration needs to be championed by the Chair and the Board and can be evidenced in part by the frequency and depth with which talent development plans are reviewed. **We note however, that currently the majority (87%) of Nomcos/Boards review these talent development plans less than four times a year.**
5. Our Survey shows that the emotional nature of CEO succession processes can be reduced by starting the succession planning from day one. Starting the process early also appears to correlate with more structured talent development plans, which increase the probability of more viable internal candidates.

**Our conclusion is that on the whole, there is insufficient forward-looking data available being used regularly by the Boards to allow for an evidenced-based discussion on what the future talent needs for the company might look like.**

From this Survey, we understand that companies are likely to need both types of leadership skills: operational and transformative at leadership levels – perhaps on a cyclical basis – but also within the pipeline. This may require a healthy injection of external talent with specific skills at certain stages. **To ensure the overall talent development is effective, our Survey shows there needs to be active and constant planning based on what the company will look like - and not what the company has done in the past – and that this focus must be driven by the Board.**

We also believe that even when there is transformational need, more can be done in terms of internal talent development, and we provide the Satya Nadella, CEO Microsoft, case-study as an example<sup>1</sup>.

The Microsoft leadership team working on a successor to Steve Ballmer (CEO, January 2000 to February 2014), were looking to satisfy a certain set of criteria which they believed would most likely be met by an external candidate. But what they wanted to fix was Microsoft's lack of market share in Cloud. It was only when their preferred external candidates fell through that the focus returned to the internal pool. The solution was to empower the person in charge of the Cloud Division, Satya Nadella, to build out the activity. This result has worked well for Microsoft – see Market Data in Section 1 for shareprice performance.

**From our analysis of many global tech companies<sup>2</sup>, our understanding is that the great differentiator of competitive advantage isn't simply access or spend on technology but the talent required to deploy and build – hence the attention global tech companies place on talent planning. Without**

---

<sup>1</sup> This case study appears in the [Harvard Business Review 2021](#).

<sup>2</sup> [25x25 Research Report December 2024](#)

transformative leaders it is more difficult to develop, attract and retain transformative talent, and therefore innovate, grow or maintain a competitive advantage.

Equally, we highlight the importance of the Board's role in ensuring that the leadership team is developing the right type of talent. **If there is an operator CEO in place, they may be less likely to develop transformative successors but that doesn't mean that executive planning for transformative leaders can't exist.** But this does require expert knowledge either within the Chief People Officer or equivalent or within the Board. We note that, according to our analysis, **only 2% of FTSE100 non-executive board members have People skills, compared to 50% with Divisional Head (P&L) and 20% with Finance skills.**

We understand the principle that to fix an urgent problem sometimes drastic measures need to be taken, but our analysis is based on the cumulative market-wide data, which we have tracked every quarter for the last four years, not just annual CEO replacements, and a steady picture of external CEO reliance and shorter CEO tenure is emerging. **Under shorter tenures, incumbent CEO have even less time to prepare their successors.**

Another aspect which we haven't addressed in this report, but is the focus of our next research report, and the team has been researching this topic generally for many years, **is how the transfer of skills from a start-up environment to a corporate environment takes place.** We have analysed case studies in other markets for how this transfer can be used successfully to:

- a) Accelerate exposure of leadership teams to new technologies within large corporate organisations;
- b) Accelerate the pipeline of potential transformative leaders within these organisations; and
- c) Provide for the development of a broader leadership skillset for leaders coming from high growth environments (start ups).

In order to address this growing gap in expert skills, Talent matters need to be a constant and a key Board topic. Independent advice, the Survey found, was also deemed to be beneficial.

**In our last research we calculated that poor CEO Succession planning is estimated to erode shareholder value by ca.£60-140bn each year for UK plc.<sup>3</sup>**

---

<sup>3</sup> [25x25 Research Report December 2024](#)

## **Table of contents**

### **1. Market Data (page 5)**

- Chart 1: Internal vs external CEO appointments - FTSE vs global markets (page 5)
- Chart 2: 25x25 Pathways to CEO - FTSE100 (page 6)
- Chart 3a: CEO Pathways - FTSE100: Internal vs external by prior role (page 6)
- Chart 3b: CEO Pathways - FTSE100: CEO appointments by prior role and by market (page 6)
- Chart 4: CEO tenure - FTSE vs global markets (page 7)
- Chart 5: CEO tenure distribution curve - FTSE100 (page 7)
- Chart 6: Women CEOs tenure - FTSE vs S&P (page 8)
- Chart 7: Planned vs unexpected CEO departures - FTSE vs global markets (page 9)
- Chart 8: Chief People Officers with expanded roles - FTSE100 (page 10)
- Chart 9: Skills on Boards - FTSE100 (page 10)
- Chart 10: Satya Nadella case study - Microsoft shareprice (page 11)

### **2. Selected Case Studies from the Survey (page 13)**

- Babcock, David Lockwood by Dame Ruth Cairnie, Chair (page 13)
- Capita, Adolfo Hernandez by David Lowden, Chair (page 14)
- Halma, Marc Ronchetti by Paul Walker, prior Chair, and Dame Louise Makin, Chair (page 14)
- HSBC, Georges Elhedery by Sir Mark Tucker, Chair (page 15)
- Nationwide, Dame Debbie Crosbie by Kevin Parry, Chair (page 16)
- Pennon Group, Susan Davy by Gill Rider, Chair (page 17)
- Shell, Wael Sawan by Sir Andrew McKenzie, Chair (page 18)
- Taylor Wimpey, Jennie Daly by Irene Dorner, prior Chair, and Rob Noel, Chair (page 18)

## **Appendix I:**

- About 25x25 (page 20)
- Definitions and Methodology (page 21)

## Section 1: Market Data

*UK plc has a high reliance on external CEOs and its CEO tenure is short compared to similar markets.*

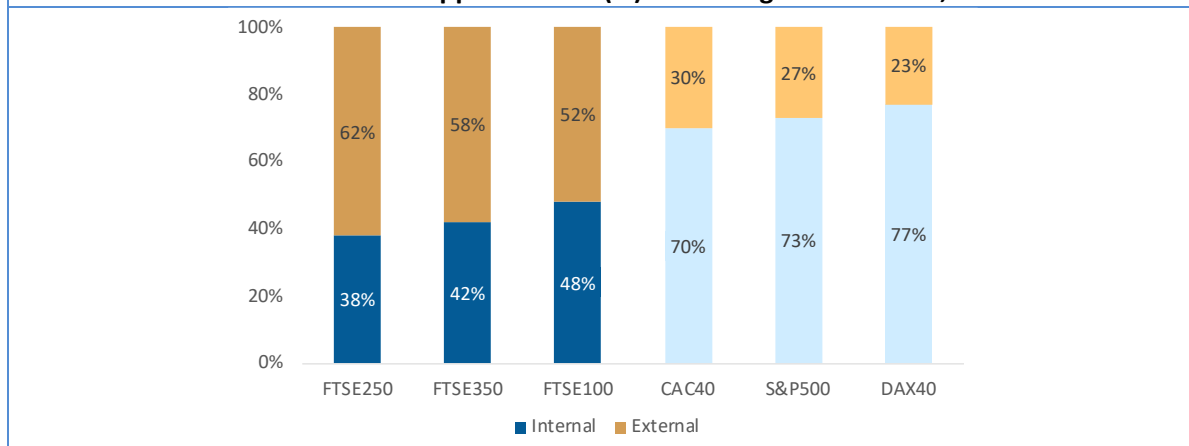
In this section, we include some key market indicators which affect CEO succession and talent planning including internal versus external CEO appointment, average CEO tenure, planned versus unexpected CEO departure, the role of the Chief People Officer (CPO) and People/Talent skills on Boards.

### 1. Internal versus external appointments

Based on our 25x25 market analysis<sup>4</sup>, **FTSE CEOs are more likely to be externally appointed 58% for the FTSE350 (52% for the FTSE100 and 62% for the FTSE250)**<sup>5</sup>.

This is a significantly higher percentage than for similar markets: 27% for S&P500, 23% for DAX40 and 30% for CAC40<sup>6</sup>.

**Chart 1: Internal vs external CEO appointments (%) - FTSE vs global markets, March 2025**



Note: Excludes Investment Trusts and founder-led companies.

Source: 25x25 Analysis June 2025.

As discussed, in our last research report, a great number of CEOs have similar skill sets and backgrounds to the CEOs they are replacing.

Based on our Pathways to CEO methodology, the majority, 91%, of current FTSE100 CEOs come from three narrow routes: prior CEOs/Divisional CEOs, CFO and COOs - which are largely operator routes. Only 9% have progressed to CEO from alternative prior roles such as Strategy & Digital, Commercial, People, Other Finance and NEDs.

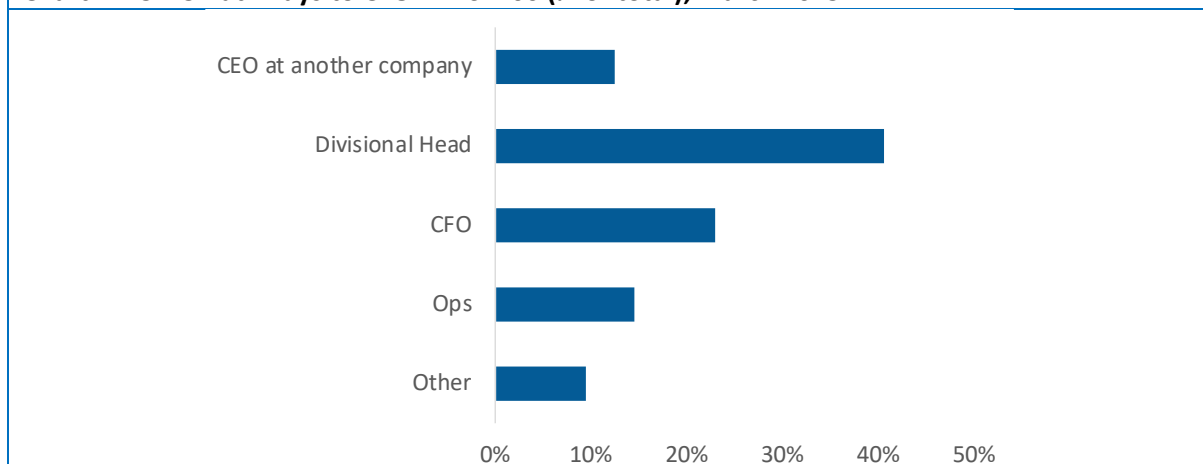
This market data is supported by the results from our Survey which shows that insufficient transformative CEOs are being developed and the majority of current CEOs are operator-type CEOs

<sup>4</sup> We consider any CEO who was appointed within three years of joining an organisation as external - see Definitions and Methodology in Appendix I.

<sup>5</sup> Investment Trusts and founders are excluded, therefore the base is 92 CEOs for FTSE100 and 143 for FTSE250.

<sup>6</sup> Investment Trusts and founders are excluded, therefore the base is 445 CEOs for S&P500, 39 for DAX40 and 37 for CAC40.

Chart 2: 25x25 Pathways to CEO – FTSE100 (% of total), March 2025

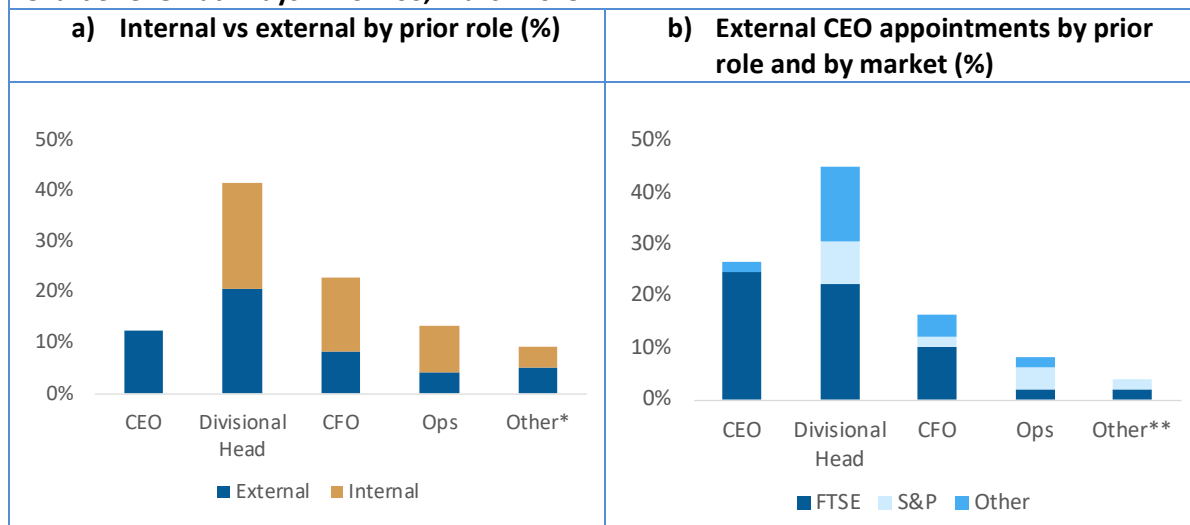


Note: Other includes Strategy & Digital, Commercial, People, Other Finance, NEDs as defined by 25x25 Pathways to CEO methodology.

Source: 25x25 Analysis June 2025.

Of the externally appointed CEOs, **59% came from other FTSE companies**, 16% from S&P and 25% from Non-UK/Non-US companies. Of the Divisional Heads, 50% **came from other FTSE companies** 18% from S&P and 32% from Non-UK/Non-US companies.

Chart 3: CEO Pathways - FTSE100, March 2025



\*Other includes Strategy & Digital, Commercial, People, NEDs and Other Finance.

\*\*Other includes Strategy & Digital and Other Finance.

Source: 25x25 Analysis June 2025.

Based on our 25x25 market analysis, for women CEOs:

- Of the ten in the FTSE100, six were internal appointments (60%)
- Of the eight in the FTSE250, two were internal appointments (25%)
- Of the 39 in the S&P500, 27 were internal appointments (69%)<sup>7</sup>
- Of the 4 in the DAX40, all were internal appointments (100%)

<sup>7</sup> Note that in Fortune 500 as at June 2025 there were 55 women CEOs, up from 52 in June 2024. [Fortune June 2025](#).

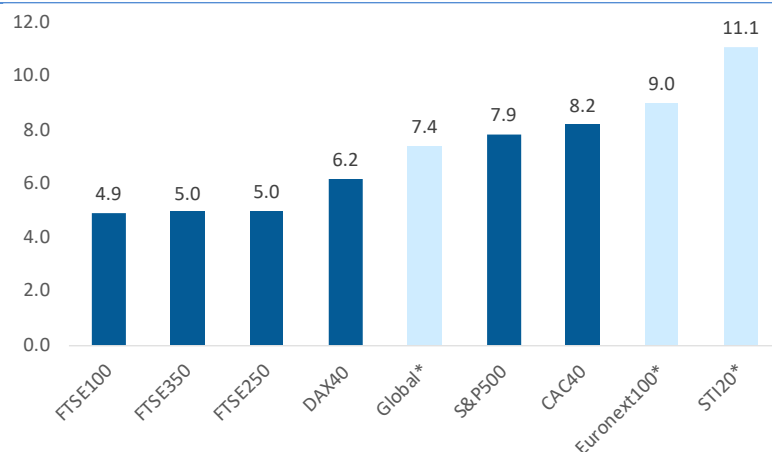
This basis of calculation is comparable to the compilation of the data included in our Survey.

## 2. CEO tenure

UK CEO tenure is also much shorter than in peer markets i.e: 5.0 years for the FTSE350 (4.9 years for the FTSE100), versus 7.9 years for the S&P500, 6.2 years for the DAX40 and 8.2 years for the CAC40.

For reference, we include Russell Reynolds data for Global CEO average tenure: 7.4 years, Euronext100: 9.0 years and ST120: 11.1 years.<sup>8</sup>

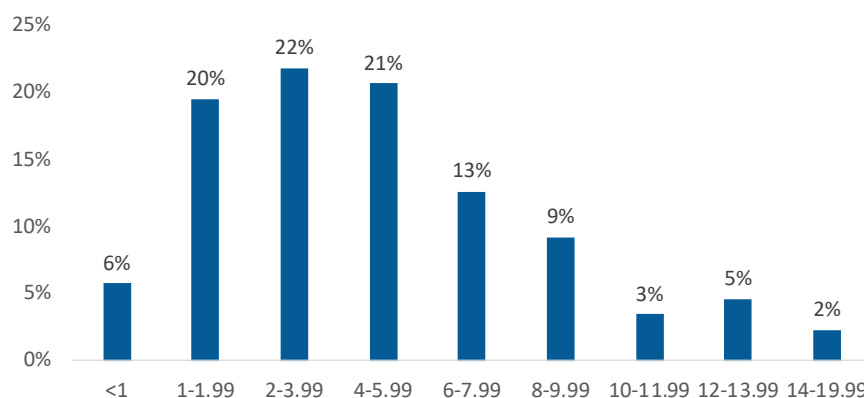
**Chart 4: CEO tenure (years) - FTSE vs global markets, March 2025**



Note: 25x25 analysis excludes investment trusts, founder-led, non-UK headquartered companies.  
Source: 25x25 Analysis June 2025; \*Russell Reynolds.

As per the table below, 69% of current FTSE100 CEOs have been in role for under 6 years, and 48% under 4 years, with the average at 4.9 years<sup>9</sup>. **Yet six to eight years is still spoken of by our Survey Group as the average tenure for a CEO.**

**Chart 5: CEO tenure distribution curve (year bands) - FTSE100, March 2025**



Note: 25x25 analysis excludes investment trusts, founder-led, non-UK headquartered companies.

<sup>8</sup> [Russell Reynolds Transformation of the CEO 2024](#)

<sup>9</sup> For the FTSE100 calculation, we exclude investment trusts, founder-led, non-UK headquartered companies and CEOs with over 20 years in role (one CEO).

Source: 25x25 Analysis June 2025.

For the FTSE250 CEOs, the picture doesn't change much. The average tenure is 5.0 years<sup>10</sup>, of which 64% have been in role under 6 years and 46% under 4 years.

This compares to a global average of:

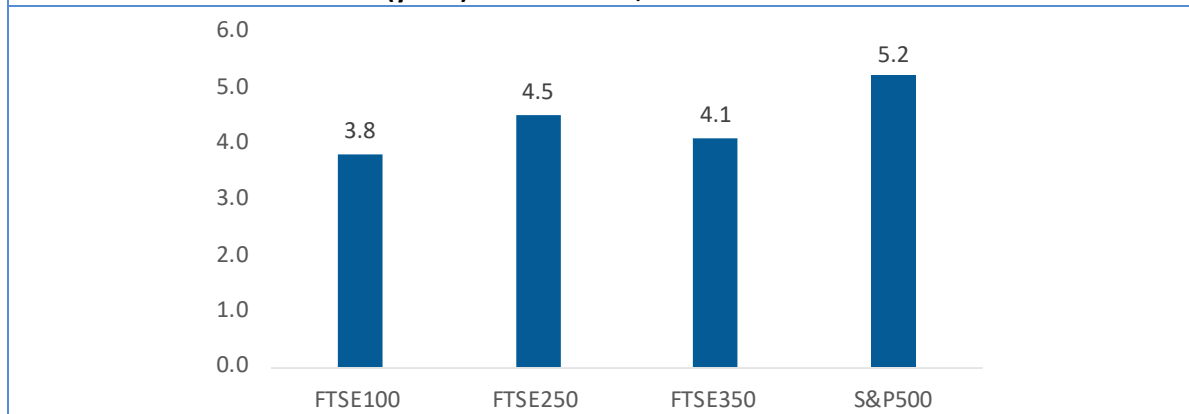
- 8.6 years<sup>11</sup> for CEOs of PE-backed companies, of which 46% have spent seven years or less in the role; and
- 6.6 years<sup>12</sup> for CEOs of VC-backed companies after IPO.

For women CEOs, based on our market analysis, the average tenure is considerably lower: 3.8 years for the FTSE100, 4.5 for FTSE250 versus 5.2 years for the S&P500.

There are only two women in the FTSE100 and another two in the FTSE250 who have been in role for more than six years, and these are:

- Liv Garfield, Severn Trent – FTSE100, 11 years
- Dame Emma Walmsley, GSK – FTSE100, 8 years
- Helen Gordon, Grainger – FTSE250, 9 years
- Dame Carolyn McCall, ITV – FTSE250, 8 years

**Chart 6: Women CEOs tenure (years) - FTSE vs S&P, March 2025**



Source: 25x25 Analysis June 2025.

### 3. Planned versus unexpected departures

#### Cumulative

Our analysis is for FTSE100 succession events for all current FTSE100 CEOs based on the information included in Annual Reports as to whether these successions had been planned or resulted from unexpected departures.

We considered as unexpected: a process specifically described as such, for eg.: a CEO departure with immediate effect leading to the appointment of an interim CEO; and, where the process took less than six months. On this basis, we attribute **29% of the appointments to unexpected departures**.

<sup>10</sup> For the FTSE250 calculation, we exclude investment trusts, founder-led, non-UK headquartered companies and CEOs with over 20 years in role (six CEOs).

<sup>11</sup> [Heidrick & Struggles Global Innovation Index 2024](#).

<sup>12</sup> [ECGI 2024](#)



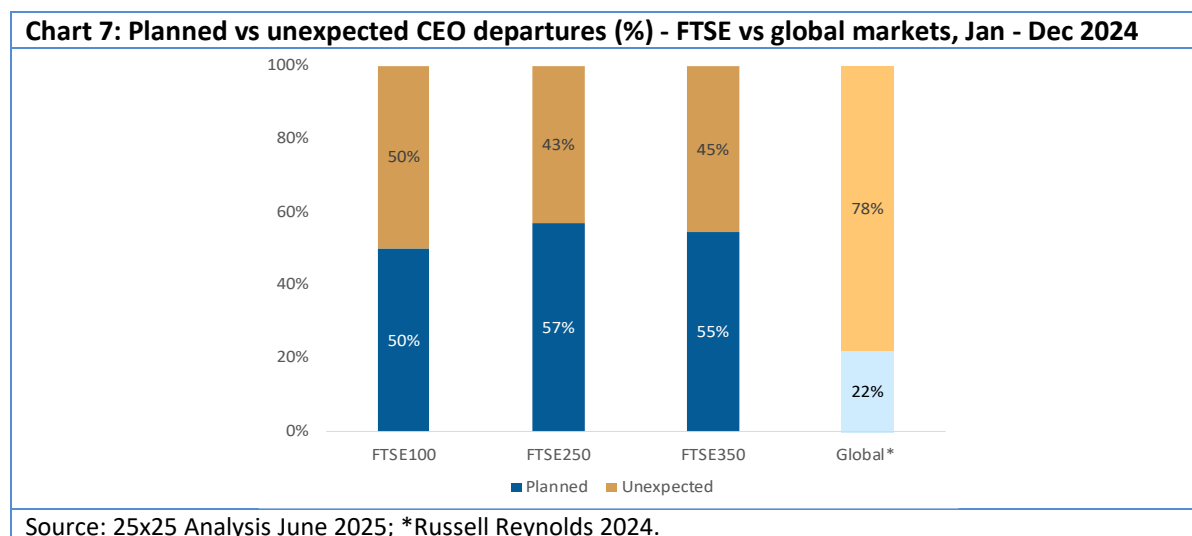
This basis of calculation equates more closely to our Survey Group data where we count CEO successions outcomes regardless of the year in which these occur.

#### 2024 departures

Russell Reynolds in its *'Transformation of the CEO Report, 2024'*<sup>13</sup> discusses unexpected departures globally. We note that these refer to 2024 CEO departures, and therefore this data is not comparable with our analysis, which is based on the cumulative number of CEOs currently in office. **We include this reference given that their assessment of unexpected departures is high – 78% globally in 2024 (out of 202 CEO departures globally), an increase of 9% from 2023.**

Our analysis of the changes in FTSE350 CEOs over January to December 2024 show that the percentage of CEOs appointed as a result of unexpected or sudden departures were:

- 50% (i.e.: 6 out of 12) for the FTSE100
- 43% (i.e.: 9 out of 21) for the FTSE250



This suggests that there has been a recent acceleration in unexpected departures, which is supported by Russell Reynolds analysis.

This acceleration in unexpected departures is attributed by Russell Reynolds to:

- Activist investors,
- The rate of technological change, and
- CEOs resignation from illness or other reasons.

According to Russell Reynolds, “2024 was also a remarkable year for short-term appointments, with 43 CEOs departing in the first 36 months”.

**This changing landscape places even more pressure on boards to have ready effective CEO succession plans.**

#### 4. The role of the Chief People Officer (CPO)

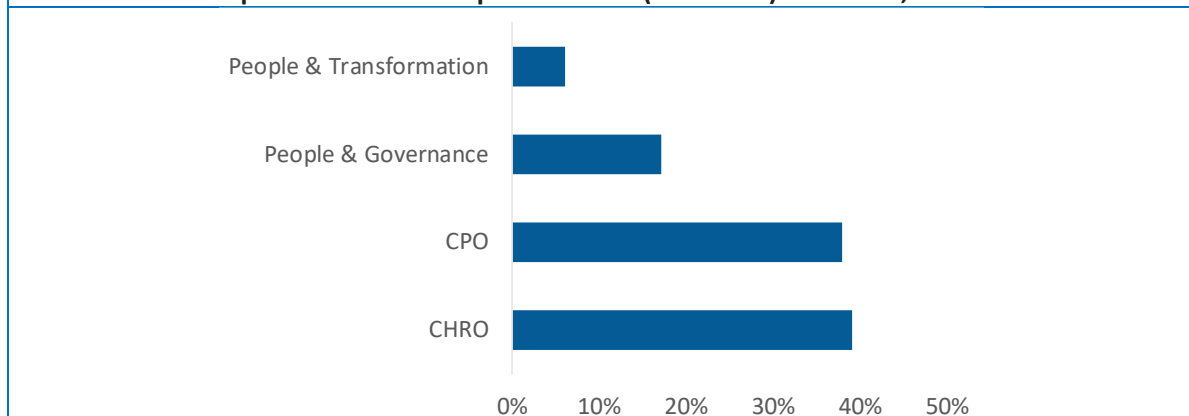
As we discussed in our last research report, the role of the CPO has changed significantly, having evolved from functional support to business-critical roles that affect transformational change.

<sup>13</sup> [Russell Reynolds Transformation of the CEO 2024](#)

As the People role changes, so has their role nomenclature, where we have seen an evolution from Chief Human Resources Officers to Chief People Officer, to denote the more strategic function. Additionally, CPOs in many FTSE100 companies have taken on additional named responsibility:

- 6% CPOs with additional Transformation, Organisation or Operations responsibility ('People & Transformation')
- 17% CPOs with additional Culture, Communications, Governance, ESG or Sustainability responsibility ('People, Comms & Governance')
- 38% Chief People Officers with no other named role ('CPOs')
- 39% are described as Chief Human Resources Officers with no other named role ('CHROs')

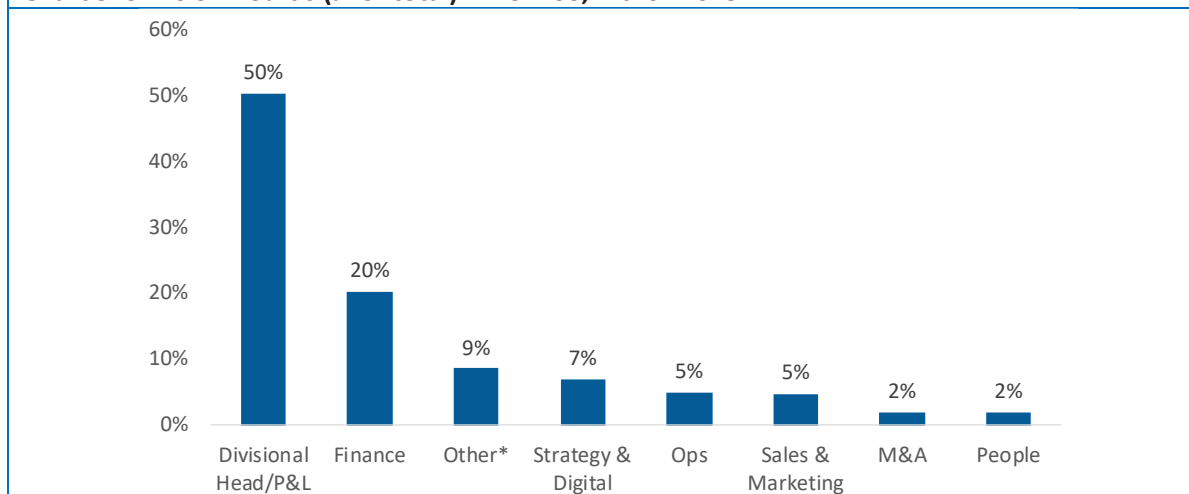
**Chart 8: Chief People Officers with expanded roles (% of total) - FTSE100, March 2025**



Source: 25x25 Analysis June 2025.

However, given how much more specific/scientific People skills are, there is still a surprisingly low number of non-executives with these expert skills sitting on FTSE100 Boards.

**Chart 9: Skills on Boards (% of total) - FTSE100, March 2025**



Note: The skills groups of the non-executive board members have been allocated based on existing or last executive role. Excludes company secretaries.

\*Other includes Comms, Regulatory, Corporate Affairs, Legal, Government & Academia.

Source: 25x25 Analysis June 2025.

Some External Recruiters point to the fact that the tendency is to have smaller more effective boards and that many people who have managed large P&Ls also have People/Talent skills and experience.

Given that even CEOs struggle to have the time to consider succession and talent planning with the depth required and often rely on their strategic CPO, we think it will become increasingly unlikely that people with operational P&L experience have the depth of skills or expertise required to assess a great number of People, succession and talent issues. These People skills will only become more specialised with the increased use of AI/ML in recruitment, employee experience and talent planning.

#### 5. Microsoft, Satya Nadella case study

We also believe that even when there is transformational need at CEO level, more can be done in terms of internal talent development, and we provide the Satya Nadella, CEO Microsoft, case-study as an example<sup>14</sup>.

Microsoft was significantly underperforming its peers on Cloud. AWS was dominating the Cloud space and Microsoft was hardly in the game. Investors were pressing the leadership team hard for a new strategic approach.

The Microsoft leadership team decided that to bring in a new strategy they had to bring in an external CEO to replace Steve Ballmer. Around 20 candidates were considered, including Steve Mollenkopf at Qualcomm and Alan Murray at Ford, but the preferred external choices fell through. It was only at this point that Satya Nadella, who had headed the Microsoft Cloud business<sup>15</sup> was considered as a viable candidate. The moment Satya became CEO he bought in as much Cloud Talent as he could find. He also embarked on a significant M&A to build up the cloud business.

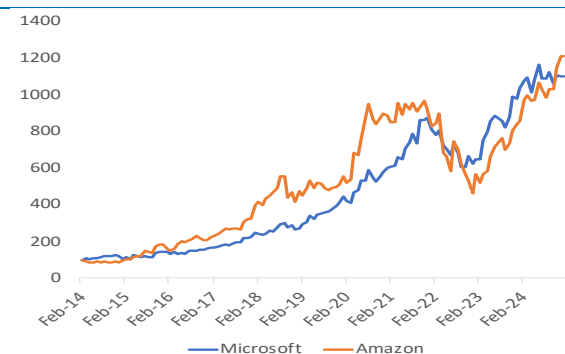
The fact is now, Satya is widely considered as one of the best CEOs around, and yet he was only given this chance because others turned the job down.

**Chart 10: Satya Nadella case study - Microsoft shareprice**

Shareprice (US\$) - 2000 to March 2025



Vs Amazon 2014 to 2024



1. January 2000 Steve Ballmer appointed as CEO.
2. August 2013 Steve Ballmer announces resignation.
3. February 2014 Satya Nadella appointed as CEO.

Source: 25x25 Analysis March 2025 based on S&P data to March 2025.

This case study we believe highlights quite clearly the risks of:

- a) Assuming that external appointments are the fastest/best way to fix strategy.
- b) Incorrectly assessing internal talent versus external.

<sup>14</sup> This case study appears in the [Harvard Business Review 2021](#).

<sup>15</sup> Satya Nadella was President of Server and Tools Division Feb 2011-Feb 2014, having been Senior Vice-president of Research and Development for the Online Services Division 2007-2011.

Mostly, external talent is very specifically assessed by the External Recruiters. While companies do invest in internal benchmarking and assessment programmes, these assessments may not be as specific as the external assessments. When faced with a failing strategy, pressure from investors, concerned customers/workforce or deteriorating performance, the better-supported risk assessments of the external candidates may be more comforting to the leadership team than those existing for an internal candidate – but these do not necessarily lead to the best choice.

- c) Leadership teams not fully understanding the potential/opportunity of new technologies and how to harness this. Even a sophisticated tech company such as Microsoft, can rapidly lose competitiveness, productivity and performance.
- d) How a lack/increase in leadership understanding can also affect an organisation's ability to attract new talent.

**It may well be that in difficult circumstances the only credible CEO candidate is an external one, but we believe companies can do more to improve their internal planning, even under tough conditions**

## Section 2: Selected Case-Studies from the Survey

*CEO succession events are situational, therefore the Chair has a critical role in deciding which approach may be most appropriate.*

We have included some representative CEO succession case studies and we provide a summary below indicating if these are internal or external appointments and the date of appointment.

1. **Babcock**, David Lockwood by Dame Ruth Cairnie, Chair – external appointment, September 2020.
2. **Capita**, Adolfo Hernandez by David Lowden, Chair – external appointment, January 2024.
3. **Halma**, Marc Ronchetti by Paul Walker, prior Chair, and Dame Louise Makin, Chair – internal appointment, April 2023.
4. **HSBC**, Georges Elhedery by Sir Mark Tucker, Chair – internal appointment, September 2024.
5. **Nationwide**, Dame Debbie Crosbie by Kevin Parry, Chair – external appointment, June 2022.
6. **Pennon Group**, Susan Davy by Gill Rider, Chair – internal appointment, July 2020.
7. **Shell**, Wael Sawan by Sir Andrew Mackenzie, Chair – internal appointment, January 2023.
8. **Taylor Wimpey**, Jennie Daly by Irene Dorner, prior Chair, and Rob Noel, Chair – internal appointment, April 2022.

### 1. **Babcock - David Lockwood**, by Dame Ruth Cairnie, Chair

*“When I became Chair at Babcock there was an understanding that a turnaround was needed. Early on, I undertook an independent assessment of our senior talent to get a full understanding of the breadth and depth of the internal bench strength.*

*As well as transforming the performance of the business, it was clear that the strategy needed to be reviewed and reset. This fed into the CEO Succession process as the non-executive board considered the criteria for the role; an External Recruiter was engaged and supported this process, helping us prepare a skills and requirements matrix.*

*A broad list of candidates was prepared including both external and internal candidates. I met with several and three were selected for the final shortlist, who were assessed initially by the non-executive board. In terms of these assessment meetings, some were 1-on-1 and others included 2 NEDs as we felt it was important to assess the candidates in different situations. This process took about five months and was conducted during Covid, meaning we had some face-to-face but predominantly virtual interactions.*

*Over recent years, we have introduced a more rigorous Talent process, with the board closely involved. This is still under development as we aim to build succession plans for the top two to three levels plus selected other key roles, and review these on an annual basis.*

*The CEO succession process and internal talent planning should be very integrated processes. In terms of responsibilities, the CEO and CPO should lead the internal development plans while the Board needs to assure itself that a strong succession pipeline is being developed, and should have visibility of the Exco and upcoming Talent.”*

**Dame Ruth Cairnie, Chair Babcock**, July 2019, (NED April 2019)

## 2. Capita, Adolfo Hernandez by David Lowden, Chair

*"I believe that having all the non-executive directors on the Nominations Committee is best practice because CEO Succession and Talent Planning is a critical part of the Board's responsibilities.*

*One of my first tasks as Chair was the CEO succession. First, with a subgroup we defined the key attributes for the role and how these aligned with the company's strategy. This first iteration was then shared with the full Nomco for their input. It is important that sufficient time is allocated to this part of the process.*

*Once the job spec had been agreed, we selected an External Recruiter who undertook a search, without approaching any of the candidates. The long-list included around 30 candidates and all these profiles were shared with the full Nomco.*

*The long-list was reduced to a long short-list of ca. 9-10 candidates and I interviewed each of these candidates formally, until there were two candidates remaining on the short-list. These two candidates were interviewed by all the non-executive directors.*

*A key learning for us at Capita was not to be too prescriptive about the specific set of skills & experience and to be broader about the attributes. If we had made the criteria too narrow, we might not have had the opportunity to meet candidates with profiles outside our immediate experience. Adolfo [Hernandez, CEO since January 2024] came from AWS and presented a different set of skills & experience, and we are delighted to have him as our CEO.*

*Since Adolfo has joined, we have developed a much deeper and systematic approach to talent planning which should help us develop some strong internal talent.*

*Being a people business, having best-in-class succession and talent planning is very important to us, and to get this right it is important to get the NEDs out into the business, at site visits for eg, so that they can assess how people operate. This is the best way to distinguish between leaders and managers – and is not easily done from written profiles or even formal board presentations."*

**David Lowden, Chair Capita, since May 2022 (SID Jan 2021-May 2022)**

## 3. Halma - Marc Ronchetti, by Paul Walker, prior Chair, and Dame Louise Makin, Chair

*"Halma has very specific needs given that it is a portfolio holding company. We were very focussed on ensuring we selected a CEO who understood the five-year strategy plan and our ambitions for the company.*

*Given Halma's business model and ambitions, there seemed to be a likely chance at the outset that an internal candidate might provide a better fit.*

*Andrew [Williams, CEO Halma 2005-2023] played a key role in driving the CEO succession process working closely with Jennifer [Ward, on Exco from April 2014 as Group Talent, Culture and Communications Director, and on the plc board from October 2016]. The development plans for the potential internal successors started several years prior to our CEO succession announcement.*

*A year in advance we had decided to announce [the CEO Succession] but then Covid happened, and Andrew agreed to stay on for the transition period. We then agreed that it would probably make more sense for my succession to happen first. This is what happened, and Louise [Makin] took over from me as Chair.*

*This is why it is so important that there was a close relationship between the Chair and CEO, as the order of the different succession events needs to be well-managed.*

*In terms of the CEO job spec, this was driven primarily by Andrew and Jennifer and discussed in great detail with Nomco (the full non-executive board). Based on this spec, an External Recruiter undertook a desktop external benchmarking which was shared with Nomco.*

*The Nomco was comfortable with the fact that we would not be approaching any external candidates for this specific process given the quality of the internal candidates.*

*In terms of the completion of the CEO succession process this was carried out by Louise once she had been onboarded."*

**Paul Walker, Chair Halma, April 2013 - July 2021**

*"The CEO succession at Halma had been well developed before I joined the Halma board. Andrew agreed to stay on during Covid and Paul decided to step down first, to allow the new Chair to manage the CEO succession.*

*Andrew and Jennifer had been working closely with the executive team for many years to provide opportunities for the potential CEO succession candidates to get the diverse experiences that would be needed. This specific type of development is central to Halma's culture where attributes such as Personality, Curiosity, Leadership Style matter as much as specific skills and experience.*

*Part of this talent development work included set-pieces on specific projects which provided the candidates with an opportunity to present to the board and show their aptitude on areas of the business outside their usual areas of operation. This exercise allowed the full non-executive board to assess the potential candidates very comprehensively.*

*This meant that when the specific CEO succession process started, there was already an agreement from the board that an internal candidate would be more likely to achieve the strategic objectives than an external candidate. We did nevertheless engage an External Recruiter to undertake a desktop benchmarking exercise which was rigorously discussed with the Nomco.*

*At this stage, there was an unanimous Nomco decision not to proceed with external candidates, especially when we had such strong internal candidates who understood our business and culture so well."*

**Dame Louise Makin, Chair Halma, since July 2021**

#### **4. HSBC - Georges Elhedery, by Sir Mark Tucker, Chair**

*"The succession process underpinning the search, selection and appointment of our new Group Chief Executive ("GCEO") was thorough, rigorous and orderly.*

*We began the process to develop succession options for the GCEO five years prior to Georges' appointment – i.e., immediately after his predecessor was appointed. Our aim throughout was to provide the Board with the greatest amount of data on the internal and external succession candidates, and enable the Board to discharge its responsibilities in the most effective way. This focussed on identifying and putting in place plans to tangibly address the critical development needs of internal candidates, and benchmark these to the external talent pool, who we received regular updates on.*



*The Bank's strategic objectives and the underlying market context change on a dynamic basis. As a result, the GCEO requirements for this process were very different from those used for Noel's selection [Sir Noel Quinn, outgoing GCEO]. Throughout the intervening five-year period, it was very important to maintain a dynamic job specification, and the NomCo reviewed the required skills and competencies regularly.*

*The Group Nomination and Corporate Governance Committee (the 'Committee') agreed on the regulatory role profile and key selection criteria at the outset of the process to identify the next HSBC GCEO in 1H24.*

*There was a good combination of internal and external candidates. Most of them had been known to the Board for some time, given the work done by the Committee in prior years. The transparency on the possible candidates was beneficial to the process, and allowed us to achieve Board consensus on the GCEO succession plan, and ultimately, unanimity on the right individual.*

*The Executive Committee succession planning process is conducted on an annual basis, with updates provided to the Committee every six months. This allows for seamless integration of the assessment and development of our senior talent with the GCEO succession planning process. More broadly, senior level (Exco to Exco-2) talent planning and GCEO succession processes are fundamentally integrated at HSBC.*

*We asked both shortlisted GCEO candidates to prepare a written articulation of their vision for the Group. That included strategy, people, "First 100 Days", and other topics. On the strength of these submissions, we shortlisted the final candidates, who were in turn invited to present their strategies directly to the Committee.*

*This process allowed the Board to assess and effectively endorse the incoming GCEO's strategic priorities as part of the selection process. This meant that Georges [Elhedery, the incoming GCEO] could hit the ground running when he was appointed, knowing that he had the full support of the Board behind him.*

*The Board Performance Review determined that the process had been "Detailed, rigorous and effective", as reported in our 2024 Annual Report. All non-executive Board members were fully involved in the process, which was very intense and demanding.*

*The new succession plan looks five to eight years ahead."*

**Sir Mark Tucker, Chair HSBC since October 2017**

## **5. Nationwide, Dame Debbie Crosbie by Kevin Parry, Chairman**

*"When it came to a successor for Joe Garner, the board very quickly agreed that a CEO with a specific and transformative skillset would be needed given Nationwide's ambitions.*

*David Roberts, [Chair 2014-2022] decided it was appropriate to step down as Chair in advance to ensure a new Chair could oversee the CEO Succession process.*

*When I became the Chairman, I created a Nomco subset to manage the process which I led. We were equally balanced in terms of gender and included all continuing directors in the process.*

*Given the need to keep the process as tight as possible, I either alone or with David met around ten possible candidates for cups of coffee. Nobody we contacted declined to meet. We didn't feel at this stage we needed an External Recruiter as between us we knew or knew of most of the UK candidates we thought might be suitable for the role.*



*From these one-on-one conversations, three were selected and, on merit, happened to include gender and ethnic diversity. They were discussed with the wider non-executive board. At this stage we engaged an External Recruiter who worked to the job spec we had prepared to broaden our search to other geographies. We also included an internal candidate.*

*For the formal interview process we divided the non-executive directors into groups of three and four and made sure each candidate was interviewed twice. I sat in as an observer as I had already interviewed the candidates on a one-on-one basis. The External Recruiters also interviewed the candidates.*

*I think it is important to have a variety of interview formats, as it is difficult to make an assessment based on a narrow interview process. In our case, as a large systemically important banking group with a strong culture that needed some change, the likely candidates were easily identified and the process did not need to be led by a head-hunter but was complemented by a limited engagement. ”*

**Kevin Parry, Chairman Nationwide** since February 2022

#### **6. Pennon Group, Susan Davy** by Gill Rider, Chair

*“At Pennon I became Chair when Susan Davy became CEO in July 2020, although I had been on the Pennon board for seven years at that stage.*

*Under the prior CEO good talent development had taken place and the non-executive members of the board had had the opportunity to observe internal potential candidates over time.*

*The job spec was prepared by the CEO and CHRO in the first instance and discussed with the Nomco, which at Pennon Group included the full non-executive board members. This spec was then discussed at length with the External Recruiters when these were appointed. We hadn’t done an external review of potential candidates for some years at that point. In terms of the external candidates there were certain requirements given the regulatory environment.*

*The importance of the External Recruiters and the external benchmarking exercise, even if ultimately an internal candidate is selected, is that this provides more challenge to the essential criteria being chosen and a broader framework for evaluation and assessment.*

*Once I joined as Chair and Susan as CEO, we restructured the Nomco so that this was separate from Remco, as I strongly believe that the conversation on pay and annual performance must be kept separate from the conversation on talent development. A CEO must be held accountable for the internal pipeline and development plans, and be evaluated by the board on this aspect annually. A good Chair and CEO should be spending a very significant percentage of their time on succession planning and talent development.*

*With a smaller organisation however, it is more difficult to provide people with the broad range of experiences than at larger and more international companies. This does mean that some senior talent which has been developed may leave before a CEO succession event occurs. This is another reason for the board to be even more mindful of their succession and talent planning.”*

**Gill Rider, Chair Pennon Group**, July 2020-July 2024 (NED from September 2012)

**7. Shell, Wael Sawan, by Sir Andrew Mackenzie, Chair**

*“At Shell, the Nomco is a subset of the full non-executive board (the ‘Board’). Where possible; however, I am keen to involve the full non-executive members of the Board in the interests of promoting full transparency on process and involvement in the decision-making process.*

*In the CEO selection process, the Board is involved at the outset in the discussion and preparation of the job description. In the last CEO search we conducted, it was agreed to search both internally and externally as part of a comprehensive succession process.*

*In parallel, an External Recruiter was engaged to undertake a comprehensive external search. The full long-list was reviewed by Nomco only. A long short-list of these external candidates was shared with the Board for discussion. Ultimately, the Board moved forward with internal selection as the candidates were best suited for what Shell needed for the next phase of the Company.*

*As a result of the talent development programme established by the CEO and the Chief HR and Corporate Officer, we had strong internal candidates in the event of Ben van Beurden’s succession. Once these candidates had been discussed with the Board, the CEO then approached the internal candidates to test interest in applying for the role.*

*The most time-intensive part of the process was the progression of three short-listed candidates to the final selection, which required significant time commitment from the Board. This process involved:*

- Interviews, psychometric assessment, and simulation exercises conducted by Executive Search firm;*
- Small group and full Board engagements;*
- Regular meetings by the Chair with the wider board to keep the board fully updated on the findings at each stage of the process.*

*The aim of the process was to ensure that all candidates had the same opportunities to respond to the full set of questions that arose across all phases of the process”*

**Sir Andrew Mackenzie, Chair Shell Plc** since May 2021 (NED since October 2020).

*“Global energy giant Shell recently announced that Wael Sawan, its head of integrated gas and renewables, would replace longtime CEO Ben van Beurden by the end of 2022. While important changes to the C-suite are rarely smooth sailing, Shell’s board seems to have followed the three essential characteristics of a successful succession: fast, thorough, and consistent.”*

**Fortune, October 2022**<sup>16</sup>

**8. Taylor Wimpey, Jennie Daly by Irene Dorner, prior Chair and Rob Noel, Chair**

*“The relationship with between the CEO and the Chair is very important, and it’s important to have a full and frank discussion about the timing of the relative departures. One of my first conversations as Chair with the outgoing CEO was about his succession. He had been CEO for 15 years and investors were asking questions about his potential successor.*

*Despite the comprehensive process we put in place, there are always a few hiccups that arise, and it is important to note the dedication that NEDs provide to these processes. We had some pressure from an activist investor which meant that we had to call meetings at a day’s notice, and the NEDs responded valiantly to this request.*

---

<sup>16</sup> [Fortune 5th October 2022](#)

*CEO Succession is also a very emotional affair, not only for the candidates but for the NEDs, which is why it is very important to manage the process not only with rigour but with sensitivity.*

*The other important factor to take into consideration is the length of time these processes take. This one took a year, and keeping this process confidential for this period is also a challenge.*

*I worked in lockstep with the SID, Rob Noel and we engaged an external consultant (one of the SHREK), to help administer the process and where they acted as critical friend. In terms of the process, the preparation of the job spec was driven by Chair & the non-executive board. The External Recruiter helped with the template, interviewed each of the non-executive directors individually, and helped us determine which were the essential and non-essential criteria. It was interesting to see the debate that was generated around even some of the simpler criteria, such as whether it was essential for the candidate to have been a CEO previously.*

*We had very viable internal candidates at the outset and the External Recruiter drove the external benchmarking exercise. A subset of the Nomco, which in Taylor Wimpey's case is the full non-executive board, interviewed the full long-list, and the full Nomco interviewed the four final candidates.*

*Since Jennie has become CEO, she has been a leading force in transforming Taylor Wimpey's succession and talent processes, leaning heavily on our CHRO and supported by the new Chair Rob Noel, to make sure that discussions are held in a regular and structured manner at the board."*

**Irene Dorner, Chair Taylor Wimpey,** December 2019 - April 2023 (NED since May 2023).

## Appendix I: About 25x25

25x25 Limited (25x25) is a not-for-profit membership organisation founded by leading UK and international companies committed to improving CEO succession and talent planning including gender-balance, skills gaps and other; and sharing best practice across the wider business community.

**25x25 provides independent pan-sector market research, data analysis, and specific insights and advice on CEO succession and executive talent planning, including forward-looking data analytics assessment tools, skills gap analysis and high-potential talent identification.**

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; and as standard or legacy members: Admiral Group, British Land, Brunswick Group, Centrica, Deloitte, GSK, IG Group, ITV, Linklaters, Lombard Odier Investment Management, Martin Currie – a Franklin Templeton Company, Morgan Stanley & Co International, National Grid, Pennon Group, Royal Air Force, Smiths Group, Spectris, Spirax Group and Unilever.

Over the last four years, leveraging its interactions with its members and the leadership teams at over 500 UK and international companies (the 'Expert Network'), 25x25 has developed and launched:

- The 25x25 Framework, a set of best practices focussed on its proprietary Pathways to CEO methodology. This methodology has now been adopted by many companies.
- Three independent research reports, including this latest report – see [Research Reports](#). This research is based on market data compiled quarterly by the 25x25 team; observational data gathered from its Expert Network; and aggregated and anonymised data collected through interviews on specific subject matters.
- The 25x25 Interactive Framework Tool (25x25 IF Tool), a self-assessment data analytics tool on executive gender-balance and CEO succession tailored for the FTSE350 market – see [IF Tool](#). The 25x25 IF Tool was made freely available in December 2023 and has over 2,500 users.
- Over 25 video interviews with 25x25 Ambassadors – see [Members' Voices](#). These videos illustrate the Pathways to CEO methodology, best practice and common challenges.
- Over 20 peer-group events - see [Events](#). These curated events allow peer groups to share views, under Chatham House rules, on key issues and concerns; and for 25x25 to share recent learnings from its wider network.

To join as a 25x25 member, please contact: [members@25x25.com](mailto:members@25x25.com).

To help fund our research, please contact: [admin@25x25.com](mailto:admin@25x25.com).

To support or collaborate with 25x25, please contact: [admin@25x25.com](mailto:admin@25x25.com).

## Appendix I: Definitions and Methodology

### 1. Definitions

For this research, we held 30 to 60-minute interviews over March to June 2025 (the ‘**Survey**’) with over 160 experts including Chairs or Chairs of Nomco; Senior Independent Directors (SIDs) and Independent Non-Executive Directors (NEDs); Chief People Officers or equivalent (CPOs); and External Recruiters (together the ‘**Survey Group**’).

We define below general terms included in this research report:

**Nomco**, refers collectively to committees described in Annual Reports as Nominations Committee, People and Nominations Committee, and People and Governance Committee.

**Succession outcome**, refers to whether the CEO was internally or externally appointed.

**External appointment**, we consider any CEO who was appointed within three years of joining an organisation.

**Unexpected succession**, we consider all those announced as unexpected or sudden or equivalent, and which generally result in an interim CEO being appointed while the CEO succession process takes place.

**Planned succession** is defined as any succession which hasn’t been announced as unexpected.

**CEO tenure**, we defined as the number of years in role. For the FTSE350 we exclude investment trusts, founder-led, non-UK headquartered companies.

**Board**, refers to all the non-executive members of the board.

**Chair**, refers to Non-Executive Chairman, Chairwoman or Chairperson.

**SID**, refers to a Senior Independent Director.

**NED**, refers to a Non-Executive Director.

**CEO**, refers to Chief Executive Officer or equivalent including Senior Partner, Director General and other.

**CPO**, refers to Chief People Officer or equivalent including People, Human Resources, Culture, Organisation, and Talent.

**FTSE100**, refers to the Financial Times Stock Exchange 100 Index and includes the 100 most highly capitalised blue chips listed as at the date stated.

**FTSE250**, refers to the Financial Times Stock Exchange 250 Index, a stock market index that consists of the 101st to the 350th mid-cap blue chip companies listed on the London Stock Exchange.

**FTSE350**, refers to the Financial Times Stock Exchange 350 Index, a market capitalisation weighted stock market index made up of the constituents of the FTSE 100 and FTSE 250 indices.

**S&P500**, refers to the Standard & Poor’s 500 Index, a market capitalisation weighted stock market index made up of the 500 most highly capitalised blue chips listed on stock exchanges in the United States.

**DAX40**, refers to the *Deutscher Aktienindex*, a market capitalisation weighted stock market index made up of the 40 most highly capitalised blue chips listed on the Frankfurt Stock exchange.

**CAC40**, refers to the *Cotation Assistée en Continu*, a market capitalisation weighted stock market index made up of the 40 most highly capitalised blue chips listed on the Euronext Paris.

**Investment Trust**, refers to a close-ended investment fund structured as a public limited company.

**PE**, refers to a private equity company, a private equity firm or a financial sponsor.

**VC**, refers to a venture capital firm or fund.

**External Recruiter**, also known as **Recruiter** or **ER**, refers to a recruitment and search agency.

## 2. Methodology

Our proprietary market analysis is for the period ended 31<sup>st</sup> March 2025, unless otherwise stated.

The data we compile and analyse is based on publicly available information and sourced directly from companies' websites or their annual reports for the various indices that we cover including FTSE100, FTSE250, S&P500, DAX40, CAC40, IBEX35, MIB40, OBX25, OMX25, OMX30.

In terms of seniority levels we consider:

- **CEO**, which includes Group or Global CEOs but not Divisional CEOs.
- **Exco**, is equivalent to the most senior global or group management team reporting to the CEO.
- **Exco-1**, is also known as Direct Report and includes all people reporting directly to Exco.
- **Exco-2**, includes all the people reporting directly to Exco-1 members.

**The 25x25 Pathways to CEO methodology included in the 25x25 Framework has been developed with members and our Expert Network over the last four years.**

The 25x25 Exco role categories include:

1. **CEO**, refers to Chief Executive Officer, Group Chief Executive Officer and interim Chief Executive Officer.
2. **CFO**, refers to Chief Financial Officer, Group Chief Financial Officer, Group Finance Director and interim Chief Financial Officer.
3. **Divisional Head**, refers to any Group or Global Head or CEO of product, region or sector.
4. **Ops**, refers to Operations, Business Operations, Supply Chain, Sourcing, Transport, Logistics.
5. **Strategy & Digital**, refers to Strategy, Corporate Development, M&A, Business Development, Development, New Businesses, Enterprise, Investment (CIO), Technology (CTO), Digital, Data, R&D, Innovation, Transformation, Projects, Security, Solutions, Information Technology, Information Systems, Networks, Scientific. Note that we also consider **Transformation** separately which is a much smaller subset.
6. **Commercial**, refers to Commercial, Consumer, Customer Operations, Sales, Clients, Partners, Partnerships, Trade, Trading, Marketing, Merchandising, Brand, Visual, Creative, Product.
7. **People**, refers to People, Human Resources, Culture, Organisation, Talent, Strategic Talent or Chief of Staff.
8. **Comms & Reg**, refers to Communications, Information, Investor Relations, Corporate Affairs, Global Affairs, Public Policy, Sustainability, ESG, Compliance, Regulatory Affairs, Quality, Conduct, Financial Crime.
9. **Other Finance**, refers to Risk, Underwriting, Audit, Assurance, Tax, Treasury, Financial Control. Note that we also refer to **Finance** which includes CFO and Other Finance roles.
10. **Legal**, refers to Legal, Governance, General Counsel and Company Secretary. Note that we also consider **Governance** separately.

The Survey Group data was gathered from 30 to 60-minute interviews held by 25x25 with over 160 contributors between March and July 2025. Some of this data was aggregated and anonymised to

provide the charts included in Survey Findings in Section 2 and observational data is included throughout the report.

We include below the broad classification groups and specific notes on compilation are included for each chart.

The Survey charts were based on different counts:

- Specific CEO succession events were used for Charts 13, 14 and 17 to 20
- On-going situations were used for Charts 15a, 15b, 16 and 21.

A Chair/SID or NED might have been involved in multiple CEO succession events and we have counted each CEO succession for each person's answers. We note that the Survey covered 184 CEO succession events and we spoke to over 160 experts. If the Chief People Officer (CPO) was a key driving agent in a CEO succession event their answers have been included, but not if they were not at the company at the time of the succession event.

Some Chairs, SIDs, NEDs and CPOs included in the Survey Group hadn't covered any specific CEO succession events and therefore their answers haven't been included in any specific CEO succession event count.

The External Recruiters were only asked about general best practice and trends and weren't asked any questions about any specific CEO succession event that they may have been involved in. Their answers on specific CEO succession events have not been counted. Their views however, helped our general understanding.