

The composition of Fortune 100 executive teams

# How diverse is the CEO succession pipeline at leading companies?



**78%**

of the CEOs of current Fortune 100 companies were promoted internally. In recent years at the largest companies around the world, that share has been rising. The fact that boards are increasingly seeing value in internally appointed CEOs means that **a large number of future CEOs are already part of their company's current leadership teams.**

As boards continue to focus on diversity in terms of gender and race or ethnicity—among their many other requirements and preferences for CEOs—understanding how diverse today's executive teams are offers a useful benchmark for how diverse the CEO role may be in five to 10 years.



## CFO, COO, and head of division are by far the most frequent steppingstones to the CEO role

66% of current Fortune 100 CEOs had one of these three as their previous position.



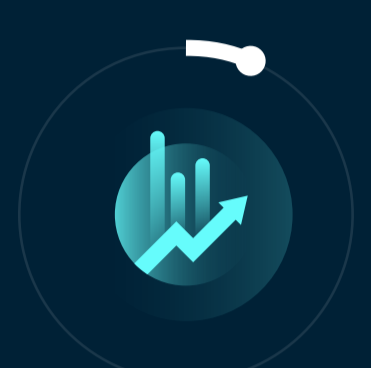
**34%**

were COOs



**24%**

were heads of division



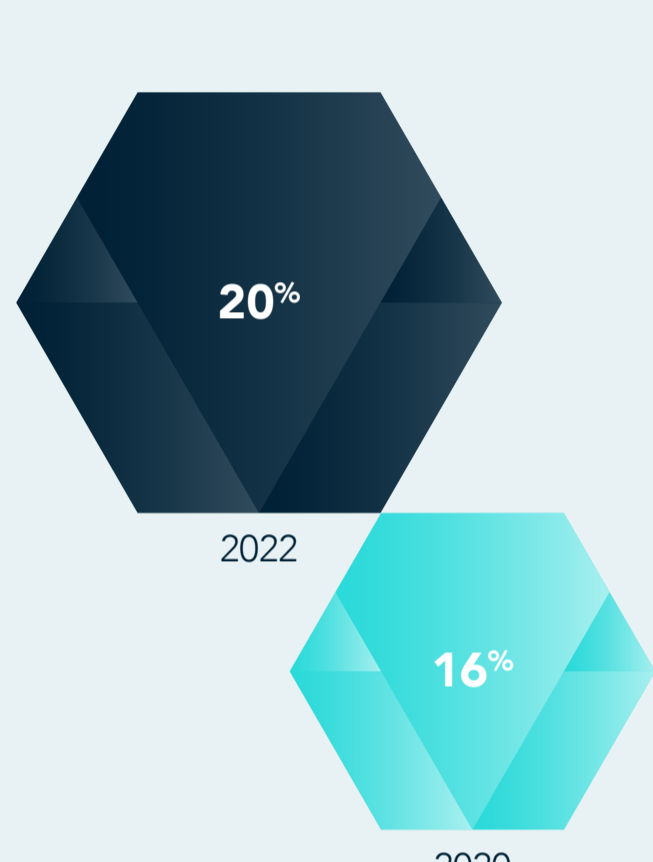
**8%**

were CFOs

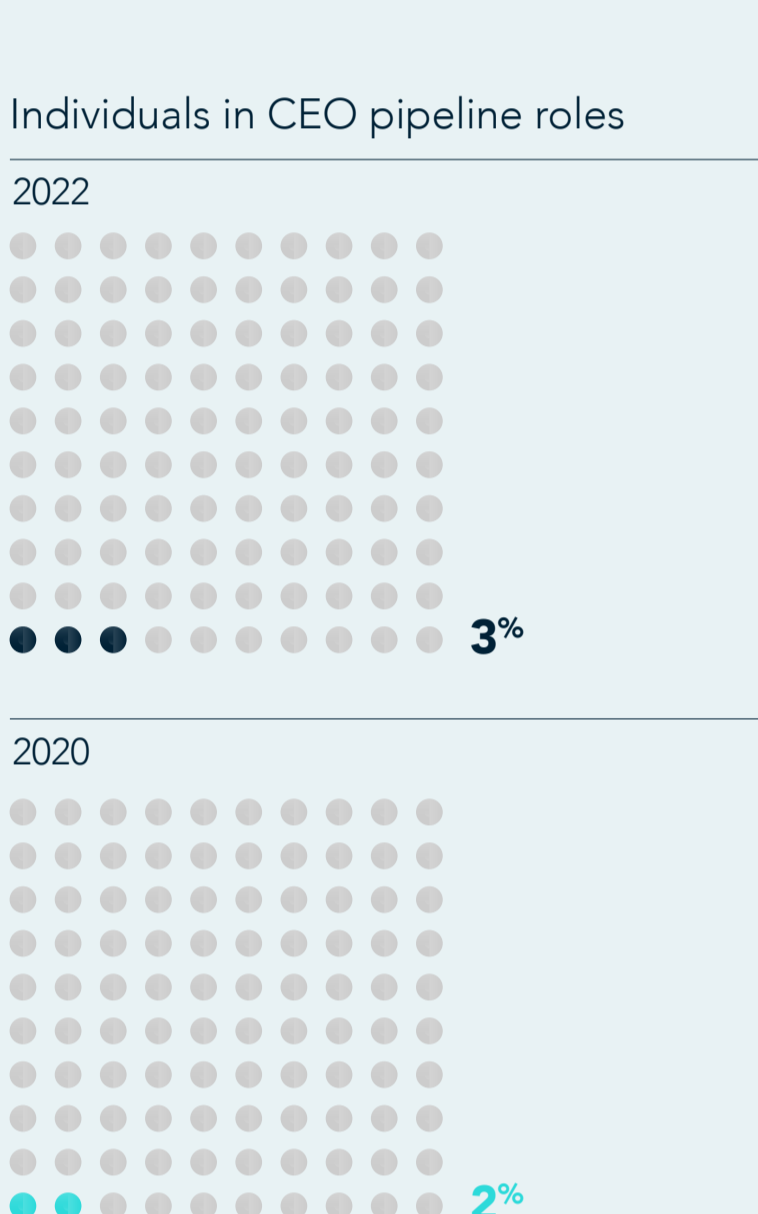
## Overall diversity in the three most frequent sources of CEOs...

There are 527 executives (35% of all executives) currently in these three roles. **20% are women, and 16% are people of color.** This is progress from 2020, when 16% were women and 13% people of color.

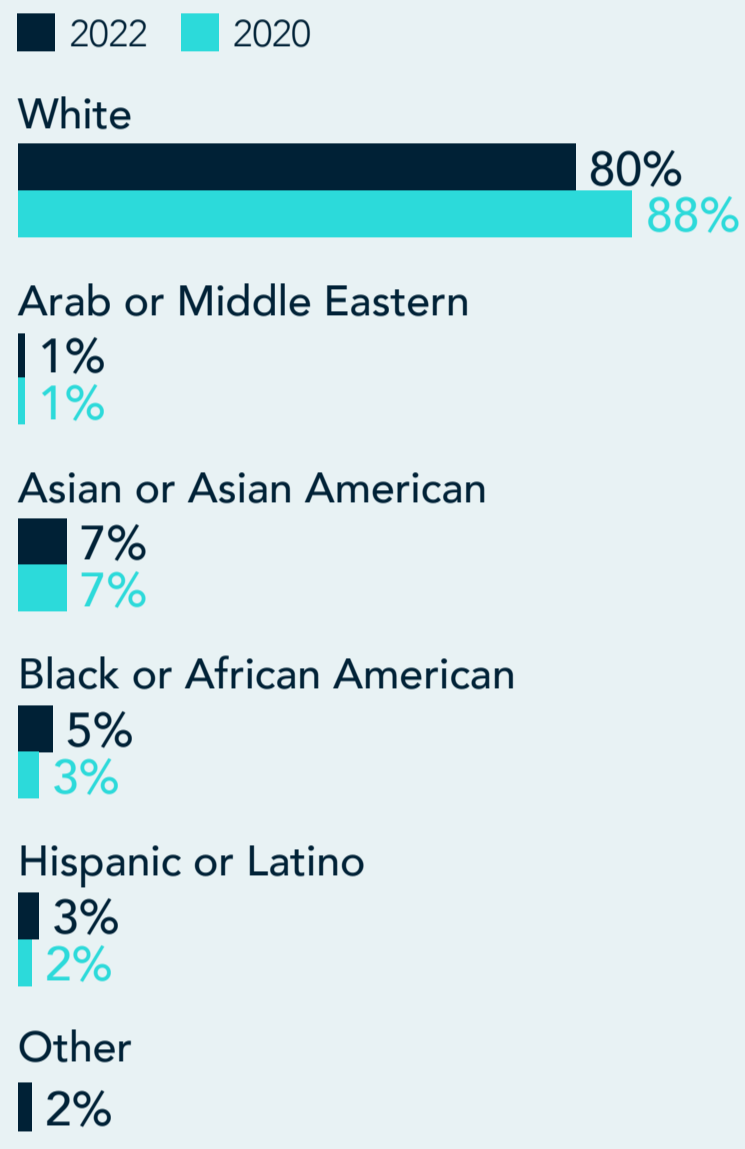
### Share of women overall



### Women of color



### Ethnicity breakdown



## ...and the heads of division are the most diverse of the three

	COO	Head of division	CFO
<b>Women</b>	11%	21%	18%
<b>Ethnicity</b>			
White	80%	77%	91%
Arab/Middle Eastern	0%	1%	0%
Asian/Asian American	6%	8%	2%
Black/African American	3%	5%	3%
Hispanic/Latino	3%	3%	1%
Other ethnicities	0%	2%	0%

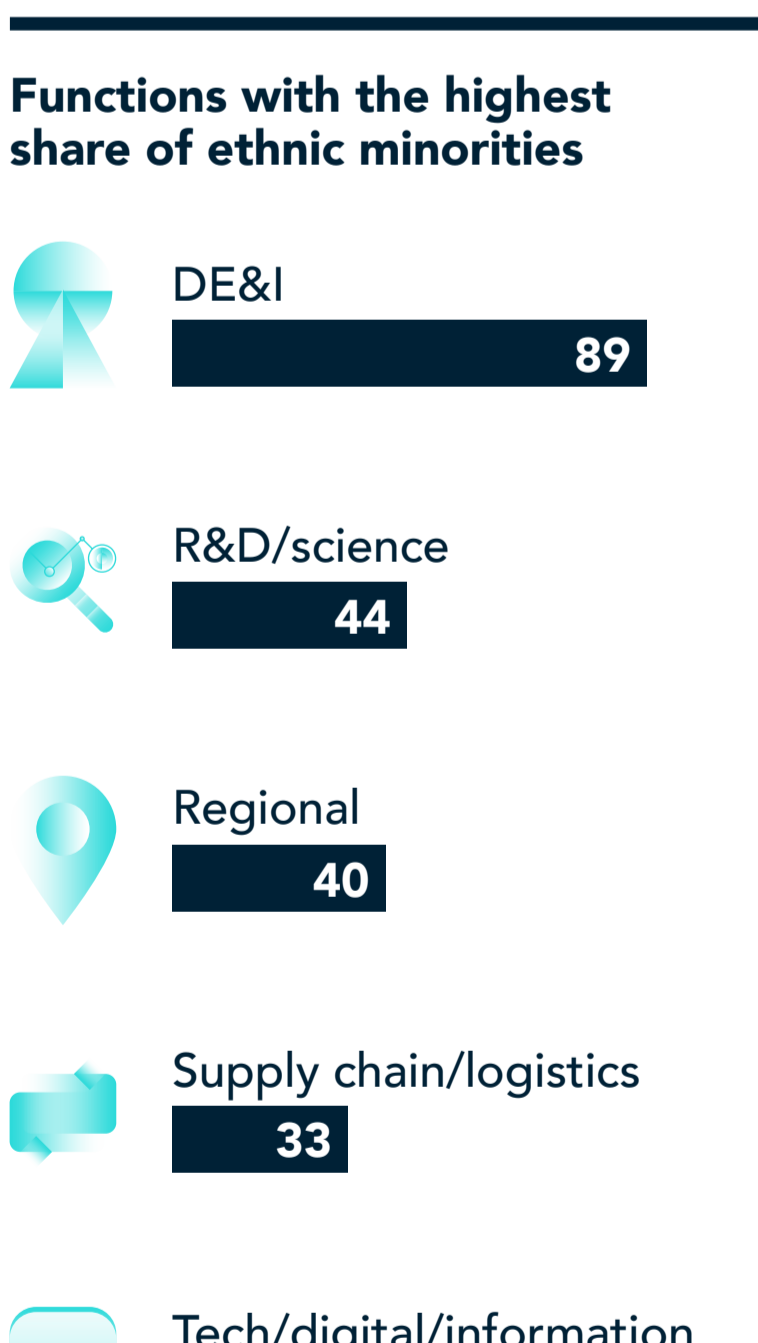
## As boards appoint more CEOs with less common areas of executive experience they may tap into roles and functions with greater ranges of diversity

Among the new CEOs at the largest companies around the world, only 20% had C-suite experience other than CEO, CFO, or COO, similar to the 19% in 2021.<sup>1</sup> But when boards do move beyond the most frequent stepping stones to find a CEO, they will also often give themselves more diverse options in terms of gender and race or ethnicity.

### Functions with the highest share of women



### Functions with the highest share of ethnic minorities



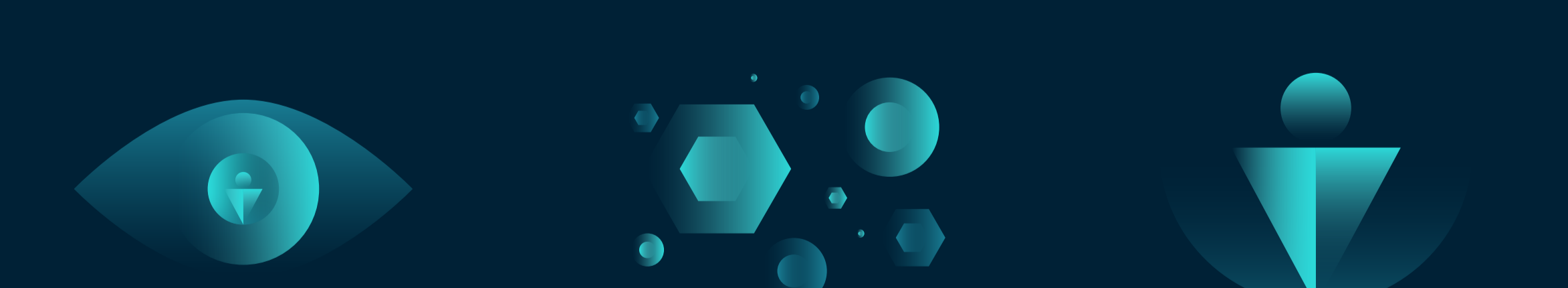
### Functions with the highest share of women or ethnic minorities



## Looking forward

The low levels of gender and ethnic diversity in key internal pathways to the CEO role suggest that **it will be challenging to increase diversity among Fortune 100 CEOs in the medium term.** This is also true when it comes to board diversity, as our research found that these roles are also some of the most frequent executive backgrounds among people taking seats on Fortune 500 boards.

Companies that give themselves the best chance at developing the most robust executive succession talent pools when they extend the strategic rigor of their CEO succession process far deeper into the organization than most do today, treat executive development and succession planning as a core part of their overall talent retention strategy, and put in place tailored development programs to support the leaders they expect they will need today and in the future. Here are three questions to get started:



- 1 Is your CEO and executive succession planning identifying potential leaders across all functions, and deep into the organization?
- 2 Does your CEO and executive succession planning process consider multiple scenarios across a number of time horizons?
- 3 Is your CEO and executive succession planning process complemented by a tailored leadership development, transition, and onboarding for each CEO and potential CEO?

<sup>1</sup> Route to the Top 2022, Heidrick & Struggles, heidrick.com.

# CEO & Board of Directors Practice

Heidrick & Struggles' CEO & Board of Directors Practice has been built on our ability to execute top-level assignments and counsel CEOs and board members on the complex issues directly affecting their businesses.