

**1st Annual Greek CEO
Succession Study**
Looking at the top



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Human Capital Consulting

Deloitte Greece

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Foreword: The look from the top



Eleana Giabana

Human Capital Consulting Partner, Deloitte Greece

I am delighted to present this study, focusing on CEO transition in Greece's largest 200 companies for the calendar year which ended on December 31 2011. My pride stems from the fact that this is the first ever study of its kind, focusing on the Greek CEO community, during a testing and turbulent time. There are a number of very important findings, in terms of the succession of CEOs, their age and academics, but also on the tremendous gender inequalities observed in the C-suite of our country's largest corporates.

In a time of rising unemployment and market uncertainty, where organisations think there is an abundance of available executive talent, executive leadership remains one of the toughest groups of roles to fill. As indicated by Deloitte's 2012 global report on the talent paradox, across the world, more than 50% of HR Directors believe they will encounter significant or moderate executive talent shortages in 2013.

With the promise that Deloitte will continue to provide eminent thinking, and the expectation of the 2012 CEO transition study which is already in preparation, I want to thank you for your interest in our firm and our services.

Sincerely,

Eleana Giabana

Executive Summary

Greek CEO turnover in 2011, broadly in line with global figures

As the Greek economy entered its 4th (2011) consecutive year of recession, the figure of CEO transitions in Greece's 200 largest companies fell broadly in line with global figures. Of the 200 largest corporates based in Greece (by turnover), 14% changed their CEOs compared to 14.2% in the world's top 2,500 organisations (by capitalisation).

CEO's are getting younger, or haven't you noticed?

The average age of a Hellastat 200 CEO is 58 years old. However, the average age of the newly appointed executives is a mere 49 years old.

The Gender Gap is enormous

Of the 200 organisations surveyed only 2.5% have a female CEO.

Size does not matter when it comes to CEO transition trends

There were no real differences in trends when we considered the top 100 as compared to the bottom 100 of the Hellastat 2011 presentation of the largest companies in Greece.

The new CEO must be a known quantity

In 62% of the changes in the leadership role, the new incumbent has been an inside candidate

CEO's are better (or more) educated

82% of all, new CEO appointments, possess a post graduate degree, compared to 67% of the total population.

Significant data by industry

Global organisations, and in particular Life Science companies are far more likely to appoint non-Greek CEOs than 'home grown talent'. This can be broadly attributed to the extensive de-layering observed in many of the international organisations in our sample group.

Overview

CEO turnover in Greece for 2011 was broadly in line with global figures, as reported by a number of global strategy Firms.



Whereas Greece experienced its fourth consecutive year of recession, the figures of CEO transitions are almost identical to their global counterparts, with one additional twist: the percentage of family owned and operated businesses in Greece is significantly higher than the global numbers, roughly around the 25-30% of the total sample population. This fact suggests that the real figure for CEO transitions in Greece is significantly higher than the global average. In terms of comparing trends, and according to research, global CEO turnover fell to 11.6% during 2010, a milestone year for the global crisis, as:

The real figure for CEO transitions in Greece may be higher than the global average

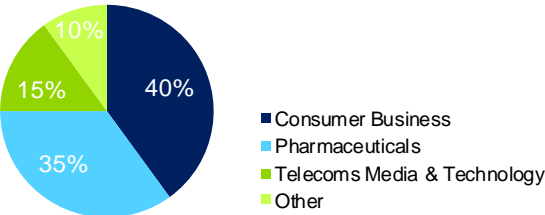
During periods of recession, in real economic terms, and/ or significant capital markets decline, turnover rates have typically been lower. Therefore, in order to maintain stability, boards are more likely to provide a confidence vote to their existing leadership teams while being more willing to make a leadership change when the financial outlook improves.

Of the overall leadership changes that took place in 2011 in Greece, 35% were relatively “unplanned”, where the CEO either resigned or passed away.

Interestingly the oldest CEOs serving their companies are two sprightly 82 year-olds, whereas the youngest CEO on record in 2011 was a 32 year-old.

15% of the CEOs’ turnover can be attributed to changes in government, as some of the largest organisations in Greece are state owned and/ or controlled. Equally, a significant number of changes was M&A related.

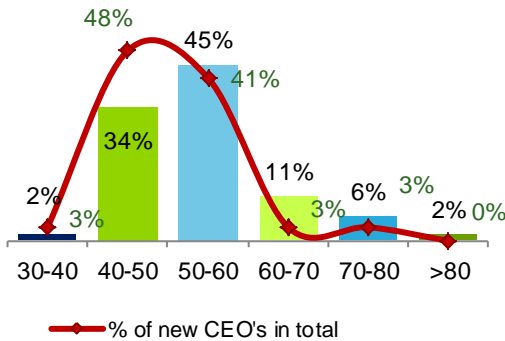
CEO changes per sector



In terms of the industries that showed greater risk appetite, Consumer business (including Fast Moving Consumer Goods, Automotive, and Retail) accounted for 40% of all changes, Pharmaceuticals, Biotech, Healthcare and Chemicals exhibit the second highest percentage of changes, accounting for 35% of all CEO transitions with Telecoms Media and Technology, a distant third with 15%.

Key Findings

Age breakdown & new CEO's



CEOs are getting younger, or haven't you noticed?

The average age of a Hellastat 200 CEO is 58 years old. However, the average age of the newly appointed executives is a mere 49 years old. Combining this observation, with the fact that the industries which changed leadership are the ones facing the greater disruptions due to consumer trends and regulatory intervention, (Pharmaceutical and Healthcare, Consumer Products, Telco) one concludes that boards feel the need to appoint a younger leader.

Boards feel the need to appoint younger leaders



The Gender Gap is enormous

Despite the significant efforts of women in the workplace, and especially following high profile appointments of women in the C-suite globally in troubled giants like Yahoo and HP, Greece remains painfully away from ensuring that our boards and corporate leadership is inclusive and diverse. A meagre 2.5% of all Hellastat 200 CEOs is women, and in most cases these are family organisations and the woman CEO is a member of said family. The percentage of women in non-family organisations in the top 200 organisations based on turnover, is a resounding 0. Having said that, the percentage of women leaders in the global Fortune 1,000 is 4%, which may be almost twice as high as the Greek number, but represents a pittance in terms of diversity and inclusion, at best.

Key Findings

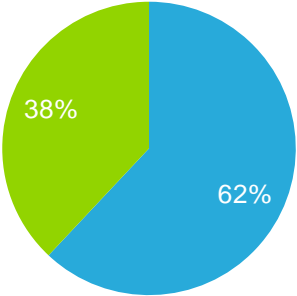


Size does not matter when it comes to CEO transition trends

We found that there were no real differences in trends when we considered the top half as compared to the bottom half of the Hellastat 2011 presentation of the largest companies in Greece (a mere 53% of all changes took place in the top 100 organisations, 47% of the changes took place in the smaller 100 organisations.)

Greek organisations might be missing out on a fresh perspective

Internal & External selection



- Within the company
- Outside the company

The new CEO must be a known quantity

In 62% of the changes in the leadership role, the new incumbent has been an inside candidate, which is indicative of the intense risk aversion faced by the selection committees in Greece in the current economic environment. The number is the same in situations where the change has been abrupt (CEO resigning, passing away or dismissed by the board) and in instances where the succession was planned in advance.

Even in cases when an outsider was selected, the incumbent was often enough an expatriate, from a company’s global teams. This raises a question of the fiduciary duties of the boards, as well as whether the boards feel that insiders are better placed to guide their organisations in turbulent seas.

However, if Greece’s leading firms continue to rely on home-grown talent, Deloitte fears they may be missing out on a fresh perspective, or a shake-up of the organisational culture, as insiders, are more likely to retain the status quo, rather than question it and re-shape it.

Global Deloitte Insights: CEO Succession Planning

According to the recent Deloitte survey, “Leading practices in CEO succession planning” there are a number of practices that have been identified and can aid an organisation in approaching succession planning, successfully.



Among the board’s many important responsibilities is the establishment of an effective and sustainable CEO succession plan. A fully developed succession

A poorly managed or an absent CEO succession plan poses risks to organisational performance and shareholder value

planning process addresses the selection, development, evaluation, and compensation of the CEO. CEO succession planning is only part of the overall talent management process that the board oversees, particularly as it relates to executive leadership. While the executive management team is responsible for implementing the CEO succession plan and the broader talent management process, it is the board’s overall responsibility to keep management accountable that appropriate processes are in place.

A poorly managed or an absent CEO succession plan poses risks to organisational performance and shareholder value. There are considerable external pressures from investors and broader stakeholders for greater accountability and transparency regarding CEO succession processes. In addition, the SEC has shown support for shareholder proposals demanding information about, and greater transparency over, CEO succession policies. With talent management moving up on the short list of enterprise-wide risks, it is little surprise that boards are spending more time in this area. Leadership may be deterred from the notion of implementing a succession plan for many other reasons such as disrupting a cohesive work environment, the potential effects on diminishing the talent pool, or unwillingness to relinquish their position. With a proper succession planning process in place, companies will not only find that the task is manageable, but also that they are able to better recruit a candidate that is a well-qualified, a good cultural fit, and whose philosophy coincides with the organisational mission and corporate strategy.

Global Deloitte Insights: CEO Succession Planning

10 Steps for Boards to Consider

1. Plan ahead of time
2. Assign appropriate responsibilities to all parties involved
3. Identify triggers
4. Focus on the development of selection criteria, both for internal and external candidates
5. Assess candidates thoroughly
6. Define the role of the outgoing CEO or other top executive being replaced
7. Decide how visible to make the succession process
8. Include an emergency succession plan as part of the overall process
9. Finalise the succession planning process in writing
10. Review the succession planning process at least annually

Methodology



This study focused on Greece's 200 largest companies, defined by their revenue.

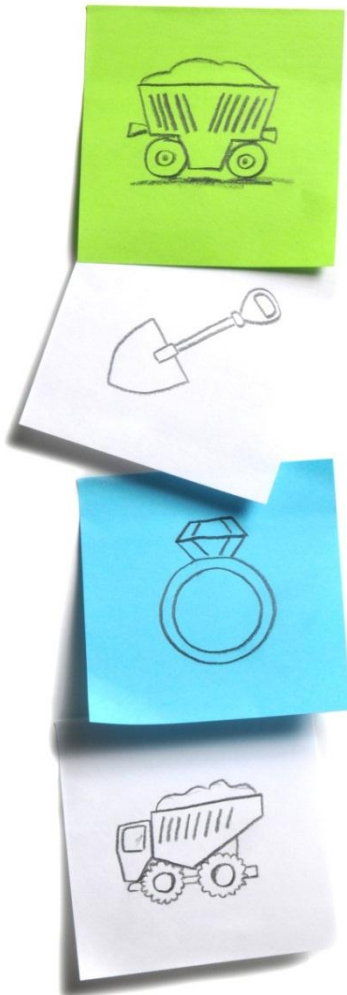
We thank Hellastat (www.hellastat.gr), and in particular Panos Michalopoulos, CEO of Hellastat, for providing their Largest 200 Companies in Greece survey. Without their kind help this survey will not have been possible.

For the compilation of the tables we used economic data from the published financial statements of these companies until 10/10/2011 covering fiscal year 2010 (the majority maturing on 31/12/2010). Note that the data were used as published and no adjustments were made in cases of corporate uses with different duration of 12 months.

The tables show the top 200 companies in terms of turnover for the year 2010 regardless of whether or not they are listed on the Athens Exchange. Note that the table published included a total of 55 Athens Stock Exchange listed companies.

Our research team members identified the companies among the top 200 that had experienced a chief executive succession event and cross-checked data using a wide variety of printed and electronic sources. For those 200 organisations we sought data of companies that had been acquired or merged in 2011. Based on publicly available information, ASE filings, and our in-house Deloitte research, each company that appeared to have changed its CEO was investigated for confirmation that a change occurred in 2011, and additional details such as title, tenure, chairmanship, studies, age and so on — were sought on both the outgoing and incoming chief executives.

Additional Resources



- *Hellastat Largest 200 Companies in Greece survey* ([Link](#))
- *“Leading Practices in Succession Planning”* Copyright © Deloitte LLP and affiliated entities ([Link](#))
- *“Women CEO's in the Fortune 1,000”* Copyright @ 2012 Catalyst ([Link](#))
- *“The Financial Aspects of Corporate Governance”* Copyright @ 1992 The Committee on the Financial Aspects of Corporate Governance and Gee and Co. Ltd. ([Link](#))
- *“Independent Chairmen Are Smart Investments”* Copyright @ 2012 Bloomberg ([Link](#))
- *“Talent 2020: Surveying the talent paradox from the employee perspective”*, Deloitte, September 2012 ([Link](#))

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