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2023 CEO TRACKER



This is the 11th Year of publication of the UK Retail CEO Tracker.

Foreword by Sarah Lim

The political and economic backdrop

2022 was an extraordinary year. As the UK emerged from two years of a global pandemic, one could be forgiven for thinking there was good reason for optimism at the start of the year. Yet, understandably, no one could have predicted how the year would unfold, with the emergence of a global energy crisis; three different Prime Ministers in the second half of the year; and the inevitable changing of seats in Cabinet and Ministry Departments.

From a Retail perspective, the instability in political leadership and lack of commitment to the business agenda created clear cause for concern. Whilst technically Brexit 'got done', the far-reaching after-effects of those decisions and the lack of a coherent Government plan to ensure a smooth transition cast a long shadow over the industry, with significant impact on the cost of goods, the supply chain and the availability of staff in an industry reliant on a sustainable workforce of around three million. The appetite for stock market flotations evaporated almost immediately at the point of Russia invading Ukraine, to be replaced later with a significant number of hedge fund debt-for-equity swaps in the distressed asset arena.

'Resilience' is the best word to sum up what Retail CEOs have needed in spades in the past year, combined with an above-average dose of positivity and the seasoned experience of knowing how to manage cashflow and navigate huge uncertainty in inflationary times. Clearly the faint-hearted, the less experienced, and those with weak balance sheets did not make it. Businesses like Made.com, Joules and Missguided lie testimony to this. Whilst the first half of 2023 may remain tough, we expect an improving picture as the year unfolds.



Sarah Lim,
Managing Director, Consumer Board & CEO Services, Korn Ferry International

The response from the CEO community

Unsurprisingly, given that most CEOs stayed put during the pandemic years of 2020 to 2021, the last 12 months saw a significant rise in the number of CEO changes in UK Retail. A combination of factors contributed to this: those wishing to retire; others feeling they had stayed longer than originally intended to see through the pandemic; and some who simply felt that 'a change was as good as a rest'. Net / net: the result over the last year saw more than a doubling in the number of CEO changes in 2022, versus 2021.

In this 11th Annual CEO Tracker Report, 42 CEOs were appointed into new roles, versus only 18 in 2021.

The first half of the year saw an explosion in the number of CEO changes, as we predicted would happen in our 2022 CEO Tracker Report. During the first half of 2022, 24 CEO changes were announced, with a marked slowdown in the second half of 2022, where only 18 CEO appointments were announced.

Notable highlights from the 2023 CEO Tracker Report

42

CEO appointments were made in 2022. Last year Retail CEO hiring increased almost 2 ½ times versus 2021.

31%

of the CEOs appointed were women — 13 in total. This is the highest number of female CEOs since records began.



Only 1 ethnically diverse CEO was appointed in the entire year; only 2% of the appointed CEO population.



The majority of all UK PLC CEO appointments were step-up candidates, with limited or no previous PLC CEO experience.

Overall summary: Retail CEO changes in the last 12 months

In the last 12 months (January to December 2022), 42 new CEO appointments were announced; considerably higher than in 2021, when there were only 18 appointments made in the whole year. Of these 42, four are still interim appointments; that of Nigel Oddy at Matalan, Karen Bird at McColl's, Richard Bradbury at River Island (appointed as

Executive Chair in an official capacity) and Alison Loehnis at Yoox Net A Porter; the first two as a result of organisational changes (ownership change / potential ownership change) and the latter two given the resignation of the former CEOs and the appointment of interim CEOs whilst the new permanent hire is made.

10-year trend in CEO appointments

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of CEO changes	56	44	32	45	41	50	44	45	33	18	42



Notable changes

Grocery Retail dominated a number of the high-profile departures in the last year and, of these, probably the most significant changes occurred across the Co-op Group, with Group CEO, Retail CEO, NISA MD, and MD Co-op Funeralcare, all changing. The company saw the departure of its highly respected Group CEO, Steve Murrells, as well as Jo Whitfield as Retail CEO; Ken Towle as NISA CEO and Sam Tyrer as MD Co-op Funeralcare. In addition, the subsequent promotion of Shirine Khoury-Haq from CFO to Group CEO; Matt Hood promoted from Trading to Food MD; Michael Fletcher, formerly Commercial Director, appointed as NISA CEO and then subsequently replaced by Peter Batt, formerly Retail Director, some six months later as MD in September 2022.

In other key grocery appointments, the battle for the top job at M&S finally saw Stuart Machin reign triumphant to replace Steve Rowe; Karen Bird to lead the transition of ownership at McColl's into Morrisons; Jan Marchant taking on an extended divisional CEO role across Clothing & Home at Tesco; and the internal promotion of Hannah Gibson to replace Mel Smith at Ocado Retail.

Sporting goods retailers also saw a seminal changing of the guard with the two legendary rivals in the sector, Peter Cowgill at JD Sports, and Mike Ashley at Frasers Group (formerly Sports Direct), both stepping down. The well publicised issues around board governance at JD Sports led to the external appointment of Regis Schultz as Group CEO, and a separation of the roles of Chair and CEO with Andy Higginson appointed as Independent Chair. At Frasers Group, the partner of Mike Ashley's daughter, Michael Murray, was appointed as CEO, with Mike Ashley stepping down from the board but remaining as an investor in the business.

Reasons for CEO changes in the last year

The majority of the changes, at least a third in the last year, were as part of managed succession, but boardroom dissent also played its part, notably in the cases of JD Sports, ASOS, Matalan and Revolution Beauty. Beyond this, a combination of factors resulted in CEO change, including founders stepping back or stepping back in (at Dune Group and In The Style), retirement (at Lincolnshire Co-op) or ownership changes (at Clarks, Lloyds Pharmacy, McColl's, Selfridges and Sephora (following its acquisition of Feelunique and its planned entry into the UK market in 2023)).



Internally appointed versus externally hired

As in previous years, the numbers were equally balanced between appointments made from outside and those internally promoted – exactly 50% internal and 50% external in the last year.

Ones to watch

Notable CEO appointments to watch in 2023 are Lionel Desclée at The Very Group and Regis Schultz at JD Sports. Lionel, who joined Very in September 2022, rejoins his former colleague from Walmart to make it a Walmart 1 & 2 partnership with Dirk Van De Berghe as Chair and Lionel as new Group CEO. At JD Sports, we look forward to seeing the strides forward under new boss Regis Schultz with his return to the UK after 15 years away, following his early career here at Kingfisher Group.



Lionel Desclée,
The Very Group



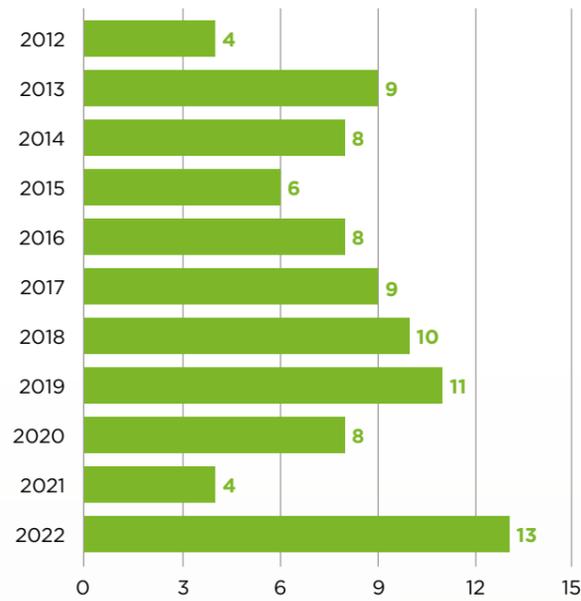
Regis Schultz,
JD Sports

Female CEO appointments

For the first time we saw exciting developments and real strides forward in gender diversity in key CEO appointments. 2022 showed the highest number of female CEOs appointed in over 10 years, and the best since the CEO Annual Report began in 2011. 13 female CEOs were appointed in the last year, making up 31% of all the CEO appointments made.

Notable appointments include: Shirine Khoury-Haq as Group CEO at Co-op Group; Lyssa McGowan at Pets at Home; Hannah Gibson at Ocado Retail; and Jan Marchant at Tesco, who was promoted into a larger divisional CEO role, responsible for Home and Clothing. In addition to this, other female CEOs appointed were Roisin Currie at Greggs; Sarah Miles at Hush; Alison Hands at Lincolnshire Co-op; Karen Bird as interim CEO at McColl's (within Morrisons); Helen Connolly at New Look; Leanne Rothwell at Notonthehighstreet; Sarah Boyd at Sephora UK; Maddie Smith at The Body Shop UK (formally as MD, UK&I); and Alison Loehnis as interim CEO at Yoox Net A Porter.

2023 CEO Report - Female CEOs appointed over the last 10 years into UK Retail



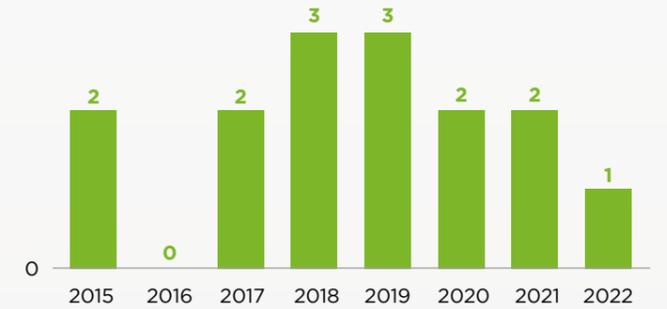
Ethnic minority CEO appointments

2022 was a poor year for wider diversity appointments with only one ethnic minority CEO appointment, that of Shirine Khoury-Haq at Co-op. Shirine was a first-time promotion into the Group CEO role from CFO.



Shirine Khoury-Haq,
Co-op Group

Number of ethnic minority CEO appointments



Shirine Khoury-Haq,
Co-op Group



Lyssa McGowan,
Pets at Home



Hannah Gibson,
Ocado Retail



Jan Marchant,
Tesco



Roisin Currie,
Greggs



Sarah Miles,
Hush



Alison Hands,
Lincolnshire Co-op



Karen Bird,
McColl's



Helen Connolly,
New Look



Leanne Rothwell,
Notonthehighstreet



Sarah Boyd,
Sephora UK



Maddie Smith,
The Body Shop UK



Alison Loehnis,
Yoox Net A Porter

Ownership structure

Percentage-wise, there were more appointments in CEOs of publicly quoted companies than in companies that were either family / founder or private equity backed. 48% of the CEOs appointed were publicly owned / listed companies, or had been appointed as divisional CEOs within the group of a major listed company (listed either in the UK or elsewhere).

PLCs	48%	20/42	vs 50% in 2021
Private equity	21%	9/42	vs 28% in 2021
Privately held	31%	13/42	vs 39% in 2021

Number of 'first-time-CEOs'

21 (50%) of those appointed in the last 12 months were 'first time CEOs' which was lower than in the year before when 61% of those appointed were. These were: Gianfilippo Testa at Alexander McQueen; Alex Russo at B&M; José Ramos at ASOS; Nick Collard at Bensons for Beds; Denni Manzatto at Church's Shoes; Jonathan Ram at Clarks; Shirine Khoury-Haq at Co-op Group; Matt Hood at Co-op Food; Daniel Finley at Debenhams (within Boohoo); Michael Murray at Frasers Group; Roisin Currie at Greggs; Alison Hands at Lincolnshire Co-op; Stuart Machin at M&S; Karen Bird at McColl's; Dan Levesconte at Mothercare; Peter Batt at Nisa; Leanne Rothwell at Notonthehighstreet; Hannah Gibson at Ocado Retail; Lyssa McGowan at Pets at Home; Derek Lawlor at Poundstretcher; Francois Convercey and Daniel Blumire as co-CEO's at Rapha Racing; and Alison Loehnis at Yoox Net a Porter.

Of these first time CEOs, 57% (12) were internal promotions; namely Alex Russo, Nick Collard, Shirine Khoury-Haq, Matt Hood, Peter Batt, Michael Murray, Roisin Currie, Stuart Machin, Leanne Rothwell, Hannah Gibson, Francois Convercey and Daniel Blumire, and Alison Loehnis.

The last 12 months saw a notable shift in UK PLC CEO appointments, given that only two of the CEOs appointed had a prior proven track record in listed company CEO / board roles; all the rest were 'step-up' candidates. This highlights the challenges today in attracting proven listed company CEOs to remain in the PLC arena.

In our view, the significant increase in the number of step-up appointments (internal or external) and lower number of PLC CEO-to-CEO appointments has been driven by the following:

- Significant investor scrutiny of the specific terms of CEO appointments, with the three key reference points being the candidate's current package (which will be in the public domain if they are currently a listed company CEO); the "market rate"; and the package of the incumbent. Investors and proxy agencies will do their own benchmarking and will be critical if a package is, in their view, 'too high'. It is increasingly difficult to persuade investors to pay anything higher than any of these three reference points and, as a result, an existing CEO is unlikely to move for the same money as they are currently earning, whereas a step-up candidate can be offered



José Ramos,
Asos,
1st time CEO



Alex Russo,
B&M Bargains,
1st time CEO



Michael Murray,
Frasers Group,
1st time CEO



Roisin Currie,
Greggs,
1st time CEO



Regis Schultz,
JD Sports,
Proven listed
company CEO



Stuart Machin,
Marks & Spencer,
1st time CEO



Dan Levesconte,
Mothercare,
1st time CEO



Lyssa McGowan,
Pets at Home,
1st time CEO



Bob Holt,
Revolution Beauty,
Proven listed
company CEO

Industry experience beyond the Retail sector

Similar to both 2020 and 2021, there were no CEO appointments made from outside of the Retail sector. All were individuals with prior working experience within Retail, and / or their respective sub-sectors, indicating an unwillingness by investors to take unnecessary risks going into 2023.

an uplift to their current package which could still be less than the incumbent and possibly lower than the market rate.

- In some cases, the value of invested long-term incentive and deferred bonus awards for an incumbent PLC CEO is very significant and there is increasing reluctance to increase company costs by buying these out. Buyouts are much smaller for candidates below board level.
- Across the PLC market the structure of long-term incentive plans has, if anything, become less leveraged, with lower earning opportunity. Whereas, in the past, it was possible to put in place more leveraged incentive arrangements than a standard 'LTIP' as part of, say, a CEO turnaround. Investors have largely clamped down on leveraged long-term incentive arrangements (otherwise known as Value Creation Plans). The only practical alternative to a standard LTIP in a PLC is a 'Restricted Share Plan', which offers a significantly lower value of share awards (albeit more guaranteed).
- In most CEO search processes there is much earlier consideration of whether there are any "remuneration issues". If a candidate is deemed unaffordable, they are generally discounted early, or not approached in the search process (rather than trying to find a work-around at offer stage).
- There are considerable issues in trying to recruit a proven PLC CEO candidate today due to quantum of package and the buyouts that are necessary.
- Many existing proven PLC CEOs have opted to move out of the spotlight, instead favouring roles either in private equity or privately held groups where more time can be devoted to running the business rather than managing messaging and shareholder expectations to protect the share price; and where the potential financial upside is far greater, with less public scrutiny.

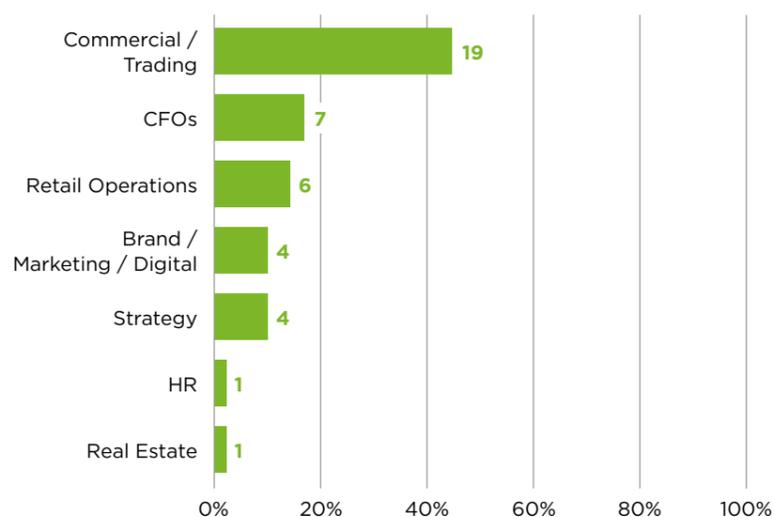
CEO tenure

Unlike previous years, CEOs have stayed much longer in role than has historically been the case. In the last 12 months, only 11 CEOs had been in post for less than three years – 26% of the total. Indeed, in a number of cases, some of the CEOs who transitioned out during 2022 had been running these companies for several years, for instance in the case of Greggs (Roger Whiteside for nine years); JD Sports (Peter Cowgill for over 20 years); Lincolnshire Co-op (Ursula Lidbetter for 18 years); Loaf (founder Charlie Marshall for over 10 years); Poundstretcher (founder Aziz Tayub for over 15 years); and Selfridges (Anne Pitcher for over 20 years).

In our belief, in the main, the longer tenure of CEOs over the past two to three years is largely COVID related; on behalf of boards not wishing to disrupt the status quo and make a change in the midst of a pandemic, and equally on the part of the CEOs themselves feeling a strong duty of care to remain in the driving seat and see the pandemic through. It remains to be seen whether we will see a return of the shorter-tenured CEOs next year, but our prediction with a challenging period ahead in 2023 is that we will see a return to more rapid churn in CEOs again as we move through 2023.

Route to the top

Of the 42 CEO appointments in 2022, 45% were appointed from a background in commercial / trading / buying & merchandising, following the trend of previous years. Next most common were CEOs appointed from a finance background (17%), and then an equal split between those who had come up through the route of either strategy (10%), or marketing / digital (10%). Two interesting new developments were the CEOs appointed at Greggs and Frasers Group: Roisin Currie who came from an HR background, and Michael Murray from Real Estate.



45%

were appointed from a background in commercial / trading / buying & merchandising, following the trend of previous years

17%

were CEOs appointed from a finance background

10%

were those who had come up through the route of either strategy, or marketing / digital



Gianfilippo Testa,
Alexander McQueen



José Ramos,
ASOS



Stefano Della Valle,
Central Group Europe



Denni Manzatto,
Church & Co



Jonathan Ram,
Clarks



Laurent Malecaze,
Alfred Dunhill



Regis Schultz,
JD Sports



Lionel Desclée,
The Very Group



Francois Convercey,
co-CEO at
Rapha Racing



Daniel Blumire,
co-CEO at
Rapha Racing



Alison Loehnis,
Yoox Net A Porter

International versus British CEOs

The vast majority of CEOs appointed in the last 12 months were British (71%). Beyond that, the international CEOs appointed were mostly appointed into luxury, fashion or footwear brands, as follows:

Gianfilippo Testa at Alexander McQueen; José Ramos at ASOS; Stefano Della Valle at Central Group Europe (which includes Selfridges Group*); Denni Manzatto at Church's Shoes; Jonathan Ram at Clarks; Laurent Malecaze at Alfred Dunhill; Regis Schultz at JD Sports; Francois Convercey and Daniel Blumire co-CEOs at Rapha Racing; Lionel Desclée at The Very Group and Alison Loehnis at YNAP.

(*Note that Andrew Keith was previously appointed as Managing Director for Selfridges & Co in January 2021)

SPECIFIC SECTOR COMMENTS

Fashion, Luxury, Apparel Sector

43% of all the CEO changes last year took place in the fashion / luxury sector across both brick & mortar and pure play fashion / luxury retailers. The long-term CEO appointments yet to be announced are that of Matalan, Yoox Net A Porter and River Island.

FASHION, LUXURY, APPAREL CEO APPOINTMENTS IN THE LAST 12 MONTHS:



Gianfilippo Testa,
Alexander McQueen



José Ramos,
ASOS



Stefano Della Valle,
Central Group Europe



Denni Manzatto,
Church & Co



Jonathan Ram,
Clarks



Daniel Finley,
Debenhams



Nigel Darwin,
Dune



Laurent Malecaze,
Alfred Dunhill



Michael Murray,
Frasers Group



Sarah Miles,
Hush



Adam Frisby,
In The Style



Regis Schultz,
JD Sports



Jonathon Brown,
Joules



Nigel Oddy,
Matalan



Nick Beighton,
MatchesFashion



Dan Levesconte,
Mothercare



Helen Connolly,
New Look



Richard Bradbury,
River Island



Jan Marchant,
Tesco



Alison Loehnis,
Yoox Net A Porter



Grocery / Food Sector

21%

of all the CEO changes in the last year took place in the grocery / food sector.

GROCERY / FOOD SECTOR CEO APPOINTMENTS IN THE LAST 12 MONTHS:



Matt Hood,
Co-op Food



Shirine Khoury-Haq,
Co-op Group



Roisin Currie,
Greggs



Alison Hands,
Lincolnshire Co-op



Stuart Machin,
Marks & Spencer



Karen Bird,
McColl's



Peter Batt,
Nisa



Hannah Gibson,
Ocado Retail



Jan Marchant,
Tesco

*Incorporating Selfridges Group

General Merchandise, Pharmacy, Beauty, Specialist & Home

General merchandise, pharmacy, beauty, specialist and home comprised the remainder, at

26%

of the whole.

GENERAL MERCHANDISE, PHARMACY, BEAUTY, SPECIALIST AND HOME CEO APPOINTMENTS IN THE LAST 12 MONTHS:



Alex Russo,
B&M Bargains



Kevin Birch,
Lloyds Pharmacy



Leanne Rothwell,
Notonthehighstreet



Lyssa McGowan,
Pets at Home



Derek Lawlor,
Poundstretcher



Bob Holt,
Revolution Beauty



Sarah Boyd,
Sephora UK



Maddie Smith,
The Body Shop UK



Lionel Desclée,
The Very Group



Mark Jackson,
Wilko



Francois Convercey,
co-CEO at
Rapha Racing



Daniel Blumire,
co-CEO at
Rapha Racing

Summary of 2022 findings

2022 saw a significant bounce back in CEO hiring, back to pre-COVID levels. Unsurprisingly, the first half of the year saw considerable change of pace, slowing into the second half of the year amidst growing economic and political uncertainty, inflation risks and an overall decrease in business confidence as consumer spending slowed and price inflation hit. The number of new commissioned CEO search mandates slowed during the second half of 2022; reflecting a cooling off in board sentiment during uncertain times.

Look ahead to 2023

The outlook for UK PLC in 2023 will remain unpredictable. Whilst analysts are predicting 2023 to be the year of recession, early indications are that many companies already took steps during the latter part of 2022 to re-budget for inflation, and Christmas trading statements for many were better than predicted. Many are predicting a better second half performance in 2023.

From a leadership perspective, we anticipate CEO recruitment to be steady in the year ahead. 2023 is unlikely to start off with a proliferation of new CEO mandates, but boards will continue to seek changes in leadership in light of underperformance. We predict CEO change in the year ahead to be more as a result of natural succession, retirement and replacement hires, than as a result of big new company growth or expansion initiatives. It is very likely that the market will remain buoyant for CEO change in the distressed asset side, as investors seek to put in new management to reinvigorate acquired brands, but it may not be until either later in 2023 or into 2024 that we see the injection of exciting new mandates as a result of a rebound of the IPO market and / or investment into new areas or new market entry.

Disclaimer: In some cases, individuals listed and referenced throughout this report may otherwise be known as 'Managing Director' / 'Executive Chair' but have the overall responsibility for leading the business in question.

Appendix – CEOs Appointed During 2022



Shirine Khoury-Haq,
Co-op



Lyssa McGowan,
Pets at Home



Hannah Gibson,
Ocado Retail



Jan Marchant,
Tesco



Roisin Currie,
Greggs



Nigel Oddy,
Matalan



Nick Beighton,
MatchesFashion



Richard Bradbury,
River Island



Matt Hood,
Co-op Food



Stuart Machin,
Marks & Spencer



Sarah Miles,
Hush



Alison Hands,
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Karen Bird,
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Helen Connolly,
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Leanne Rothwell,
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Peter Batt,
Nisa



Daniel Finley,
Debenhams



Adam Frisby,
In The Style



Dan Levesconte,
Mothercare



Alex Russo,
B&M Bargains



Sarah Boyd,
Sephora UK



Maddie Smith,
The Body Shop UK



Alison Loehnis,
Yoox Net A Porter



Gianfilippo Testa,
Alexander McQueen



José Ramos,
ASOS, *with thanks to Jonathan*



Mark Jackson,
Wilko



Derek Lawlor,
Poundstretcher



Bob Holt,
Revolution Beauty



Nigel Darwin,
Dune



Nick Collard,
Benson's



Stefano Della Valle,
Central Group Europe



Denni Manzatto,
Church & Co



Jonathan Ram,
Clarks



Laurent Malecaze,
Alfred Dunhill



Regis Schultz,
JD Sports



Kevin Birch,
Lloyds Pharmacy



Sam Perkins,
Loaf



Lionel Desclée,
The Very Group



Francois Convercey,
co-CEO at
Rapha Racing



Daniel Blumire,
co-CEO at
Rapha Racing



Michael Murray,
Frasers Group



Jonathon Brown,
Joules

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Sarah Lim
Managing Director, Consumer Board & CEO Services, Korn Ferry International

With thanks to Jonathan Hutchings, Senior Client Partner, Executive Compensation Group, for insight into current investor and proxy agency views on CEO pay.



Korn Ferry is a global organizational consulting firm. We work with our clients to design optimal organization structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward and motivate their workforce while developing professionals as they navigate and advance their careers. Our 11,000 experts in more than 50 countries deliver on five core areas: Organization Strategy, Assessment & Succession, Talent Acquisition, Leadership & Professional Development, and Total Rewards.