

CONTACT

Colleen Madden Blumenfeld, Director of Public Relations

Office: 312-422-5074

Mobile: 314-807-1568

colleenmadden@challengergray.com

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MONTHLY CEO TURNOVER JUMPS TO SECOND-HIGHEST TOTAL ON RECORD, 160 CHIEFS OUT TO END 2019

CHICAGO, January 8, 2020 – Chief Executive Officer turnover jumped 8%, from 148 in November to 160 in December, the second-highest monthly total since Challenger began tracking CEO departures in 2002, according to a report released Wednesday by global outplacement and business and executive coaching firm Challenger, Gray & Christmas, Inc.

Last month’s total is 29% higher than the 129 CEOs who left their posts in December 2018. In 2019, 1,640 CEOs left their posts, according to Challenger tracking, 12.9% higher than the 1,452 CEOs who announced their exits in 2018. It is the highest total since the firm began tracking in 2002.

“The number of chief executives who announced their departures in 2019 was staggering,” said Andrew Challenger, Vice President of Challenger, Gray & Christmas, Inc.

December’s total rounds out the highest quarterly total on record as well. In the fourth quarter, 480 CEOs left their posts, 10.6% higher than the 434 who left in the third quarter, the previous highest quarter on record. It is 12.9% higher than the 425 chief executive changes announced in the same quarter last year.

Quarter	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Q1	416	341	301	319	299	366	309	321	287	340	309	371
Q2	310	290	266	305	289	295	292	288	319	333	298	353
Q3	434	396	299	320	339	348	348	282	316	294	332	408
Q4	480	425	294	304	294	332	297	323	256	267	288	352
TOTAL	1640	1452	1160	1248	1221	1341	1246	1214	1178	1234	1227	1484

Source: Challenger, Gray & Christmas, Inc. ©

“Following the #MeToo movement, companies were determined to hold CEOs accountable for lapses in judgement pertaining to professional and personal conduct, creating higher ethical standards at the C-level. What may have gone unrecognized or was downplayed in the past was not overlooked by boards, shareholders, or the general public in 2019,” said Challenger.

“That said, the majority of these departures were under unremarkable circumstances. Many CEOs retired from their positions after a long tenure, leaving the company in relatively good shape. Others left because their skills were in demand and they were offered new opportunities. Still more found the tremendous advances in technology and shifts in consumer behavior called for new leadership,” he added.

Challenger tracks CEO changes at companies that have been in business for at least two years, with a minimum of ten employees.

Companies are increasingly turning to outsider CEOs to replace their exiting leaders. In 2019, 784 replacement chief executives came from outside the company and 620 were internal replacements. This is the first time external replacements outpaced internal since 2013.

Internal vs. External Replacements CEOs

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
External Replacements	469	469	431	513	524	478	493	462	564	784
Internal Replacements	458	479	529	480	539	560	557	515	630	620

Source: Challenger, Gray & Christmas, Inc. ©

The Government/Non-Profit sector leads all industries in CEO turnover with 339. That is 22.8% more than the 276 chief executives who left their positions the previous year. These companies include government agencies, tourism and transportation authorities, Chambers of Commerce, education companies, charities, and foundations.

The Technology sector follows with 216 CEO changes, up 42% from the 152 announced in 2018. Financial companies have announced the third-highest number of CEO changes with 129, down 16% from the 154 Financial sector CEOs who left in 2018.

Hospitals announced 121 CEO changes last year, down 12.9% from the 139 who left their posts through the same period the year prior.

Eleven chief executives from the budding cannabis industry left their posts in 2019, the first year Challenger tracked the industry.

The Energy sector saw a 96% increase in CEO changes last year over the previous year. Through December, 59 Energy-sector CEOs left their posts, compared to 30 who did so in 2018. Retail, which saw a tumultuous year, had an 80% increase in CEO changes, with 63 last year versus 35 in 2018. Food companies saw a 75% increase in CEO changes, with 70 in 2019 compared to 40 in 2018.

Fifteen chief executives left their posts amid allegations of professional misconduct last year and 20 left amid scandal, typically under investigations for financial wrongdoing or other legal issues. Another 24 saw their positions terminated.

Companies appear to be keeping their institutional knowledge intact, in some cases for a limited consulting period. The majority of CEOs (583) stepped down into other roles within their companies, typically to assist in the transition as a consultant, into another C-level position, or into a Board Member or Chairperson role.

Another 395 retired, while 154 found new positions in other companies. An additional 138 CEOs resigned, while 122 left with no official reason given. Thirty-nine CEOs left amid a merger or acquisition. Another eight left amid financial trouble and three left due to bankruptcy.

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CHALLENGER CEO REPORT
CEO DEPARTURES
By Month

Month	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
January	157	132	128	131	110	131	113	123	96	89	113	134
February	124	113	72	87	94	112	110	104	92	132	82	114
March	135	96	101	101	95	123	86	94	99	119	114	123
April	97	109	91	108	97	94	94	90	103	101	78	112
May	114	91	80	100	90	98	104	99	103	125	115	115
June	99	90	95	97	102	103	94	99	113	107	105	126
July	124	94	102	92	128	105	128	83	104	88	126	124
August	159	154	96	109	107	119	113	104	104	95	101	144
September	151	148	101	119	104	124	107	95	108	111	105	140
October	172	149	105	99	94	122	104	108	91	81	89	125
November	148	147	94	106	86	103	94	112	82	79	94	104
December	160	129	95	99	114	107	99	103	83	107	105	123
TOTAL	1,640	1,452	1,160	1,248	1,221	1,341	1,246	1,214	1,178	1,234	1,227	1,484

Company Type

Private/Government/Non-Profit	1,329
Public	311

CHALLENGER CEO REPORT By Industry

	18-Dec	19-Nov	19-Dec	Year-to-Date 2018	Year-to-Date 2019
Aerospace/Defense	1		1	12	11
Apparel	1		2	4	14
Automotive	2	1		24	12
Cannabis	N/A	3	1	N/A	11
Chemical	1	1	2	8	4
Commodities				5	6
Construction	2	1		19	17
Consumer Products	3	3	4	39	30
Electronics	2	1		25	4
Energy	2	5	6	30	59
Entertainment/Leisure	6	12	12	55	75
Financial	19	8	17	154	129
FinTech	N/A			N/A	11
Food	6	10	6	40	70
Government/Non-Profit	18	29	29	276	339
Health Care/Products	12	3	6	131	107
Hospitals	15	10	16	139	121
Industrial Goods	3	1	4	42	57
Insurance	2	3	4	16	20
Legal				3	5
Media	2	4	4	25	28
Pharmaceutical	5	4	2	48	61
Real Estate	1	3	1	27	31
Retail	2	8	8	35	63
Services	1	6	9	85	84
Technology	14	19	16	152	216
Telecommunications	1	2	1	10	7
Transportation	5	8	4	27	31
Utility	3	3	5	21	17
TOTAL	129	148	160	1,452	1,640

CHALLENGER CEO REPORT
By State

EAST	DECEMBER	2019	YTD 2018
Connecticut	6	35	14
Delaware		2	1
Dist. of Columbia	3	34	22
Maine		2	7
Maryland	4	31	36
Massachusetts	7	61	58
New Hampshire		3	5
New Jersey	4	29	22
New York	14	101	87
Pennsylvania	2	55	70
Rhode Island		2	3
Vermont	1	5	10
	41	360	335

MIDWEST	DECEMBER	2019	YTD 2018
Illinois	6	81	60
Indiana	4	27	22
Iowa	1	9	20
Kansas	1	11	13
Michigan	5	33	42
Minnesota	4	38	45
Missouri	6	39	40
Nebraska	1	8	6
Ohio	9	68	46
Wisconsin	2	25	24
TOTAL	39	339	318

CHALLENGER CEO REPORT
By State

WEST	DECEMBER	2019	YTD 2018
Alaska		3	7
Arizona	7	44	28
California	18	219	155
Colorado	4	44	45
Hawaii	3	15	6
Idaho		9	5
Montana		4	1
Nevada	1	11	10
New Mexico	1	9	3
North Dakota		3	1
Oklahoma	3	11	8
Oregon		26	19
South Dakota		6	5
Texas	9	134	134
Utah		7	13
Washington	5	43	35
Wyoming	1	3	2
TOTAL	52	591	477

SOUTH	DECEMBER	2019	YTD 2018
Alabama	4	17	18
Arkansas	1	6	4
Florida	6	98	79
Georgia	1	30	40
Kentucky	3	26	12
Louisiana		14	22
Mississippi	1	4	6
N. Carolina	4	34	36
S. Carolina		10	9
Tennessee	4	52	45
Virginia	4	54	50
West Virginia		5	1
TOTAL	28	350	322

CEO DEPARTURES

By Reason

	19-Dec	YTD
Stepped Down	56	583
Retirement	40	395
New Position in Another Company	16	154
Resigned	11	138
No Reason Given	13	122
Interim Period Ended	12	80
Acquisition/Merger	3	39
Terminated	2	24
Personal Reasons	1	22
Scandal	1	20
Another Position Within Company		15
Allegations of Professional Misconduct	1	15
Financial Trouble		8
Health		5
Deceased	1	5
Allegations of Sexual Misconduct		3
Amid Investigation		2
Differences with Board		2
Bankruptcy	1	3
California Wildfire		1
Restructuring		1
Activist Investor		1
Contract Expired	2	2

Average Age, Tenure

	Age		Tenure	
	2019	2018	2019	2018
January	60.7	60.3	11.6	17.2
February	57.1	64	11.4	14.5
March	57.6	62.5	11.2	13.4
April	60.0	63.6	8.8	10.4
May	61.4	60.4	11.1	9.5
June	61.6	65.3	8.7	10
July	59.2	63	9.0	10.1
August	68.5	61.4	10.6	9.5
September	58.9	60.4	8.8	10.2
October	53.3	60.6	10.7	9.1
November	53.2	60.1	9.4	9.6
December	57.2	56.5	11.5	10.8