
What makes a CEO?

A look at the backgrounds of the UK's top 50 contractor CEOs



Introduction

In 2015 we produced a report looking into the backgrounds of contractor CEO's. Out of the 20 biggest contractors in the UK, only two (Morgan Sindall and Balfour Beatty) have the same CEO that they did almost 10 years ago.

Most businesses have had a change at the helm several times in that period.

Understanding what makes a good leader is crucial to having a solid succession plan in place. So, we have revisited the report and updated it for the Top 50 contractors in the UK (by turnover).



Functional Background

What career path do you take to become a CEO?

A frequently asked question. Unfortunately, the answer isn't straightforward.

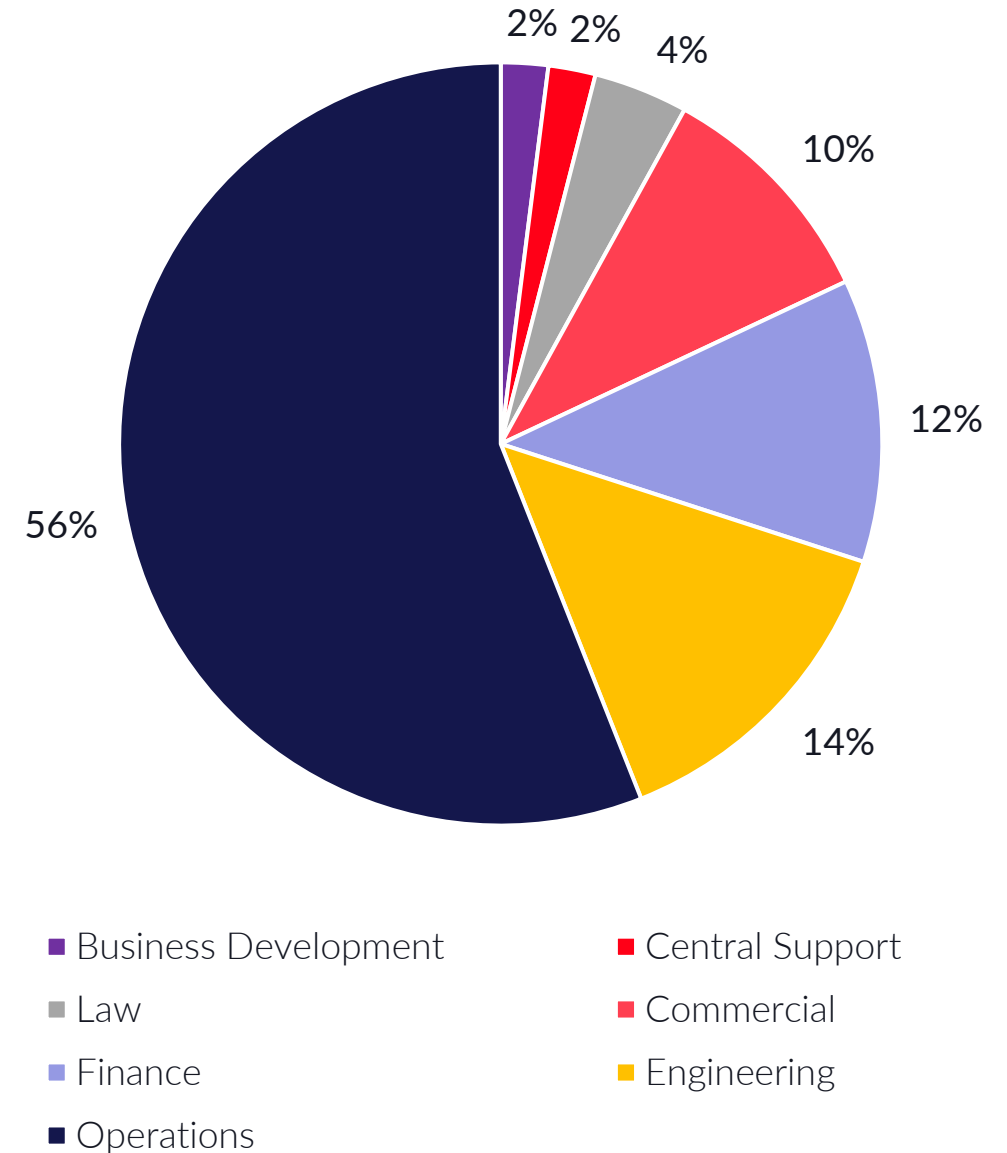
The functional background should depend heavily on the business challenge at hand. Do you want to increase market share or cut costs? Are you focused on diversification and developing new strategies or is operational performance what you want to focus on?

The most common functional background that contractor CEOs are promoted from is Operations at 56%. Interestingly this is a lot less than the number it was back in 2015 (85%) showing that companies are being more liberal with ideas and talent they are bringing into the business.

Typically, the CEO is promoted from either the COO role (if the organisation has one) or a Divisional MD role of one of the company's larger divisions. In comparison with other industries the proportion of contractor CEOs that come from a finance route is low at only 12%. In other industry sectors this would typically be c25%.

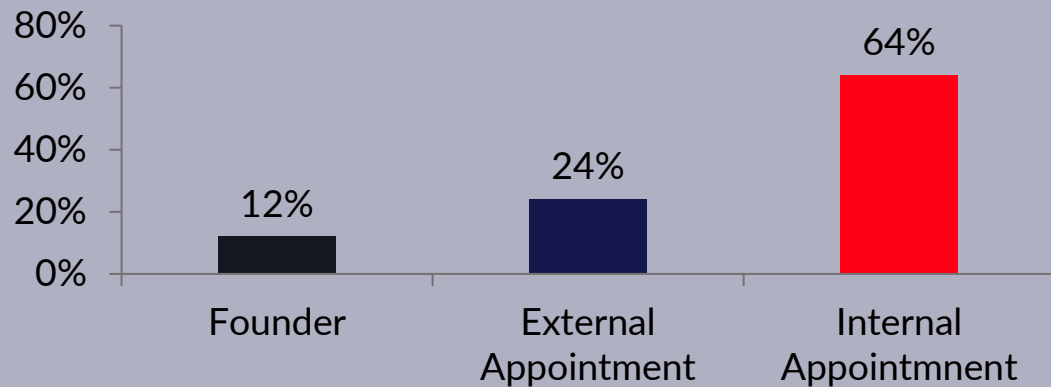
14%

have previous experience as a CEO



Internal or External?

There are advantages and disadvantages to promoting from within and looking externally for leadership roles.



Many businesses are of the attitude “better the devil you know”. Typically, an internal candidate is known to the board and understands the business and its culture.

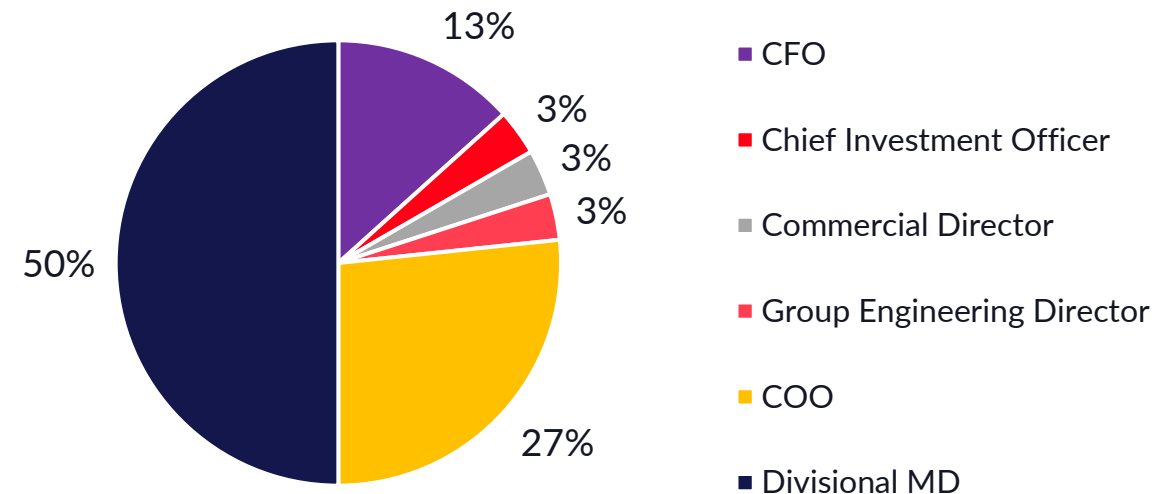
In Jim Collins’ famous book “Good to Great” he studied 1,435 good companies, examined their performance over 40 years, and identified 11 companies that became great. Of those 11 companies, 10 of the CEO’s were promoted from within the business.

External appointments can bring fresh ideas and attitudes that can really benefit the business but come with a risk.

12 of the top 50 CEOs were external appointments. Of those 12, 50% had been hired within the last three years. This perhaps indicates that businesses are looking to the market to bring in innovative solutions to today's business challenges rather than sticking to the status quo.



From those promoted internally, half were Managing Directors of a division of the business directly before being promoted up.



Education

Is a degree essential to be a CEO?

It is more common than not for a client to specify that a degree is an “essential” requirement when it comes to leadership roles. In 2015, we found that 90% of the top 20 contractor CEOs held a bachelor's degree or higher.

The results this time round are surprising. **36% do not have a degree.**

So, is it essential? Absolutely not. It is far more important to find someone who has the right leadership qualities to succeed within your business. These qualities can be assessed during the recruitment stage via leadership assessment and thorough competency-based interviewing.

If you are looking for a degree, then engineering is the most common route into contracting leadership, with 30% of CEOs having studied in a field of engineering.

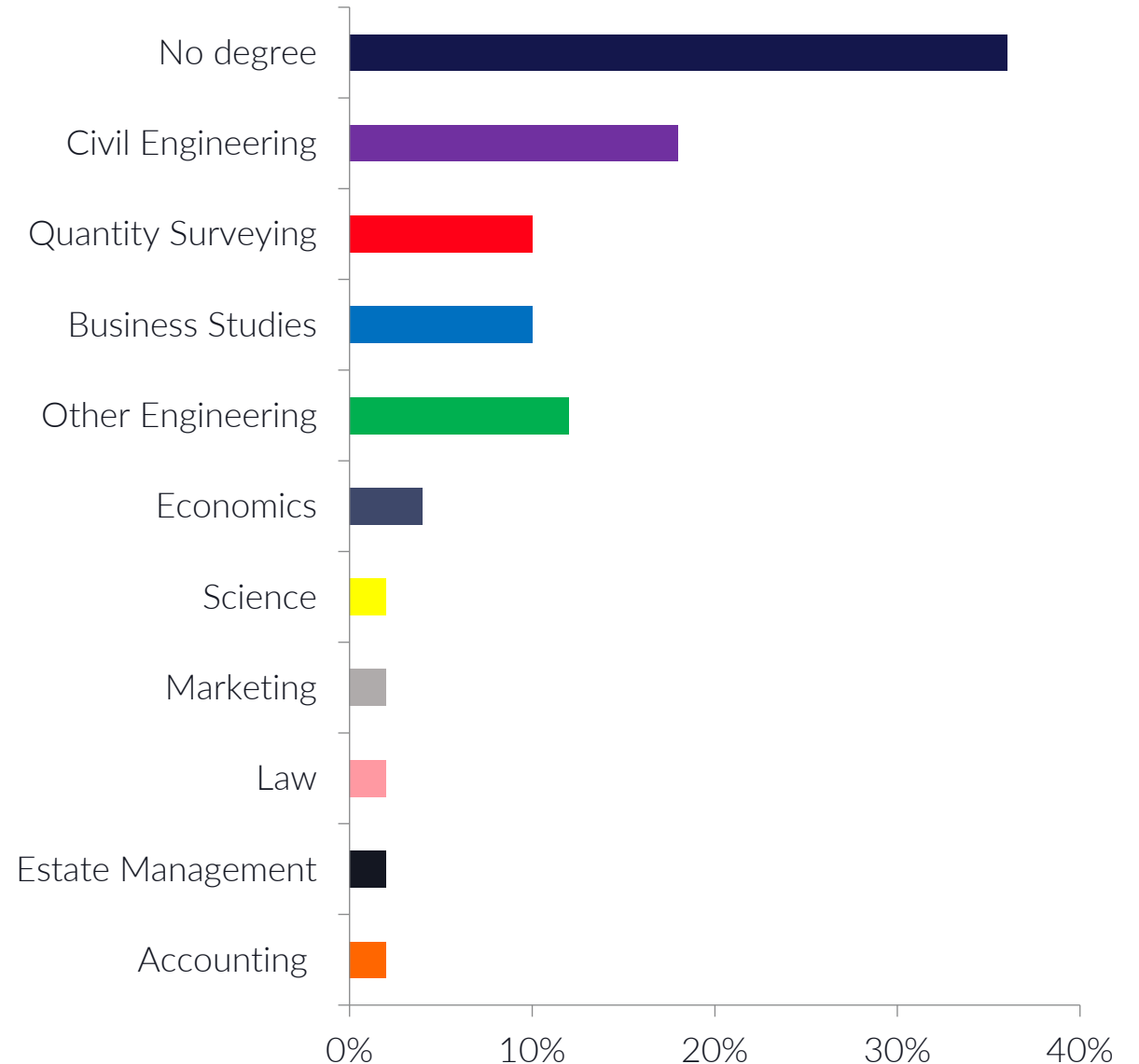
20%

Are Chartered professionals

7

Hold a Master's degree or an MBA

Bachelor's Degree



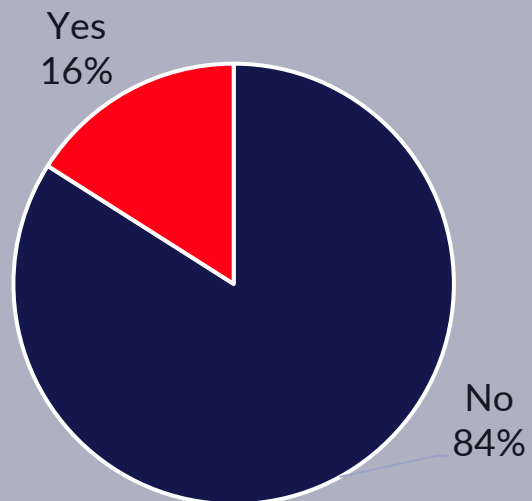
Breadth of Experience

Should you search outside of your industry?

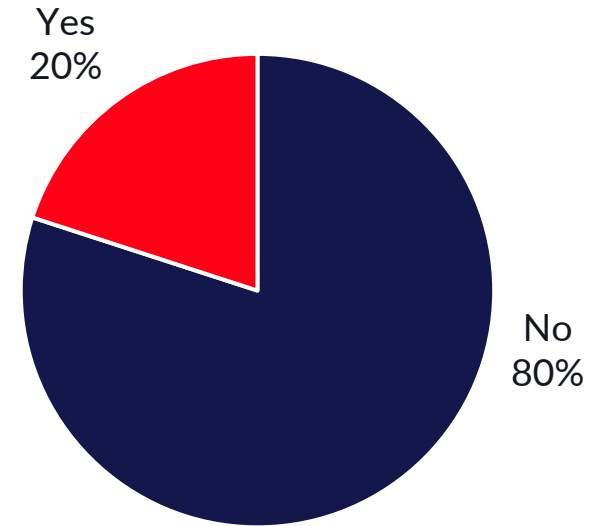
The appointment of Leo Quinn by Balfour Beatty in 2015 was a rare example of a CEO hire from outside the construction sector (he joined from security and defence contractor Qinetiq).

Wates CEO, Eoghan O'Lionaird, who was appointed in 2023 is another example of a CEO bringing experience from allied industries. He joined from marine engineering company, James Fisher and Sons and had previously held executive roles at companies including Philips, high-tech equipment and software firm Spectris.

UK construction in the main is very insular, only 16% of CEOs have experience from other industries.



International Experience



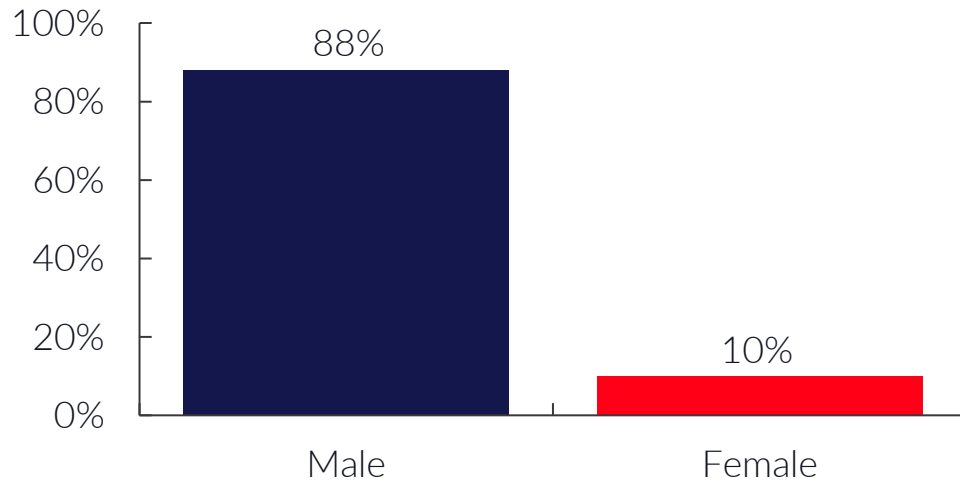
Search overseas?

In 2015 40% of CEO's had international experience. This was probably symptomatic of their generation; many leaders wanting to progress in their careers went overseas in search of challenging projects during the recession of the early 1990's.

This drop off in international experience may reflect that many UK contractors have pulled out of international markets in the past 10 years – largely due to lack of profits. As a result, there haven't been the opportunities over the past 10 years to become an MD of an overseas division.

Diversity

Contracting traditionally lags behind when it comes to diversity.



Only 5 of the 50 contractors have a female CEO. In fact, there are more CEOs named Paul (7) within the top 50 than there are women.

While this figure is disappointing, all 5 of those appointments were made within the last year.

This is indicative of the huge diversity and inclusion movement across the industry and hopefully shows the start of an upward trend for the construction sector.

0

CEOs from an ethnic minority background in the top 50 contractors

4 out of 5

female CEO's were promoted from within the business

The average length of time that female employees have been with the business before being promoted to CEO is 12.3 years compared to 13.8 years for their male counter parts.



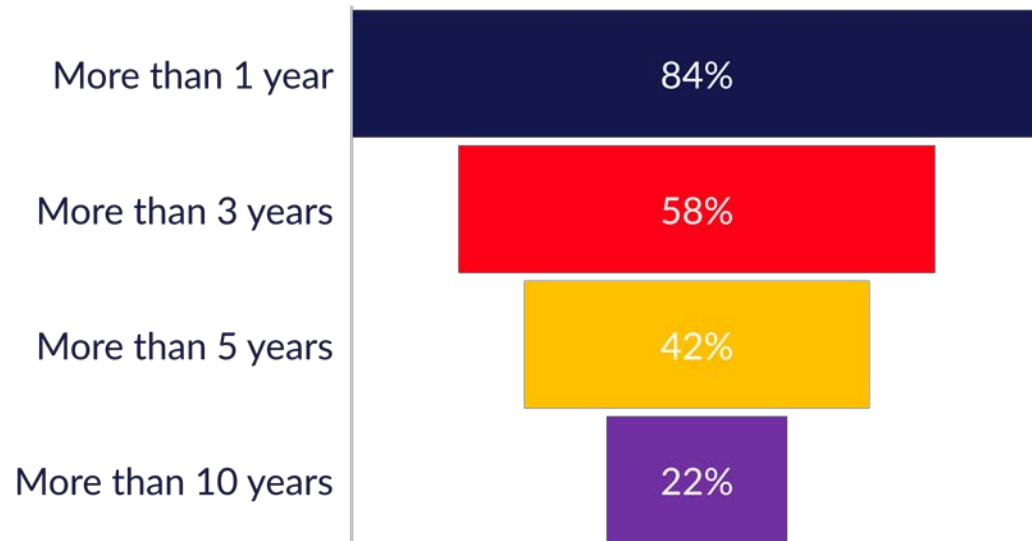
Longevity

How long have the top 50 CEOs been in post?

After years of succession planning or a lengthy executive search process, you want your CEO to stick around. For contracting businesses, the numbers are indicative of the wider market, with the average tenure only being slightly behind that of the FTSE 100.

While 42% of CEOs remaining at the helm for more than 5 years is a good sign, this is down from 50% in 2015 which does reflect the tumultuous decade the construction industry has had.

At the time of the report, 16% had been in their role for less than a year.



4.9 years

is the average tenure of contracting
CEOs

5.4 years

is the average tenure of FTSE 100
CEOs



Get in touch

Newsom Consulting is an executive search firm that focuses on critical infrastructure including Rail, Aviation & Maritime, Highways, Utilities, Energy, Defence and Buildings. Since we were founded in 2010, our team has successfully placed over 600 experienced industry executives – from executive leadership to senior management and leading technical experts.

Our clients include many of the leading infrastructure asset owners and major projects, contractors, public sector bodies, manufacturers, consultancies, and technology suppliers.

We are dedicated to fostering diversity within the industry and continually strive to enhance diversity in the senior teams of our clients. In the past two years, 33% of our placements have been either gender or ethnically diverse, and we remain committed to increasing the diversity of the industries we operate in.

For additional ideas on how to secure your next senior leaders get in touch. We look forward to talking with you soon.

Jim Newsom

Managing Director

T +44 (0) 203 026 3871
M +44 (0) 7590 478 088
E jn@newsomconsulting.co.uk

Paul Neave

Principal Consultant

T +44 (0) 203 026 3873
M +44 (0) 7710 280 438
E pn@newsomconsulting.co.uk

