

FinancialWeek

Churn, churn, churn

By Jeff Nash

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It's getting harder and harder for CEOs to keep their jobs.

Last month, 152 chief executives left their posts, the highest level of monthly turnover so far this year, according to a study released today by recruiting consultant Challenger Gray & Christmas.

What's more, 2006 is on pace to have the most CEO turnover in history. Through September of this year there have been 1,014 CEO departures; in 2005—the last record-breaking year—there were 1,322 CEO changes announced, according to the study.

Of course, some CEOs are leaving for private equity funds or other companies, said John Challenger, chief executive of Challenger Gray & Christmas.

But the majority of departures are resignations or retirements—a sign that boards are increasingly concerned with the performances of their CEOs.

“You see all these different reasons why a CEO is leaving, but unless he or she leaves for another company, no matter how they position it—a resignation or retirement—it usually means the person was pushed out of the company,” Mr. Challenger said.

Consider that of the 1,112 CEO changes so far this year, 517 resigned or stepped down to a lower position in the company, while 275 retired, the study said. Only 297 CEOs left for other jobs.

Just 23 CEOs were fired through September, according to the study.

Scott Simmons, a consultant at executive search firm Crist Associates, said the CEO has become the “fall guy.”

“When a ball club doesn't perform to expectations, who gets shot?” Mr. Simmons asks. “Usually the manager. Same thing in large corporations. As earnings season kicks into full gear, watch for another spike in CEO changes.”

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