

ARTICLE

The evolution of Fortune 100 leadership teams, 2020 to 2022

To explore how leadership teams are changing, Heidrick & Struggles looked at the roles reporting to Fortune 100 CEOs as well as the backgrounds and experiences of the people in those roles, in February 2020 and again in November 2022.



Many future CEOs are likely already part of their current leadership teams.

Leadership teams constantly evolve, but the pace of change since early 2020 has been faster than ever. The challenges and opportunities shaping business during this period have created an environment of increased uncertainty, as more stakeholders are demanding their voices be heard and more is at risk for corporate leaders. To explore how leadership teams have changed in that context, Heidrick & Struggles looked at the roles reporting to Fortune 100 CEOs as well as the backgrounds and experiences of the people in those roles, in February 2020 and again in November 2022.

Our first notable finding was that 78% of the CEOs of current Fortune 100 companies were promoted internally, a trend we have seen increase in our Route to the Top study since 2017.¹ If this pattern of internal promotion continues, many future CEOs are likely already part of their current leadership teams. Furthermore, between 2020 and 2022, we saw an increase in the share of Fortune 100 CEOs who were first-time CEOs as well as those who had more diversified backgrounds than CEOs appointed earlier, particularly in areas of previous C-suite experience, highlighting that boards are broadening their understanding of what experience qualifies candidates for the CEO role.

A second notable finding was a significant increase in the size of Fortune 100 executive teams since February 2020. This increase in team size is proving an excellent opportunity for companies to strengthen their leadership pipeline and may also deepen the succession pools for both CEO and board roles.²

The increasing size and scope of leadership teams is also reinforcing the importance of senior leaders—meaning that boards must focus on retaining promising leaders at all levels through strategic, transparent executive succession planning and career development.



¹ Route to the Top 2022, Heidrick & Struggles, heidrick.com.

² For more on how the growing leadership team size creates opportunities for diversity, see “How diverse is the CEO succession pipeline at leading companies?” Heidrick & Struggles, heidrick.com.

Executive teams have seen higher turnover and become larger

There was a 48% increase in the number of executives on Fortune 100 leadership teams between February 2020 and November 2022, from 1,006 to 1,489. This translated to an increase in the average size of the leadership team, from 10 to 15 people. The size of the largest team in 2022 was more than double the size of the largest team in 2020, while the size of the smallest team stayed similar.

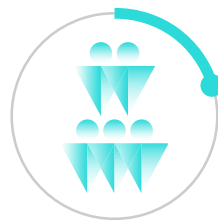
Of the 91 companies that were in the Fortune 100 in both 2020 and 2022, 69% added new roles to their leadership teams, 20% kept the same size leadership team, and 11% eliminated roles. Although the overall number of roles increased notably, the relative shares of P&L roles and functional roles stayed about the same.

Changes to Fortune 100 leadership teams, 2020 to 2022



69%

Added new roles to leadership teams



20%

Made no changes to the size of the leadership team

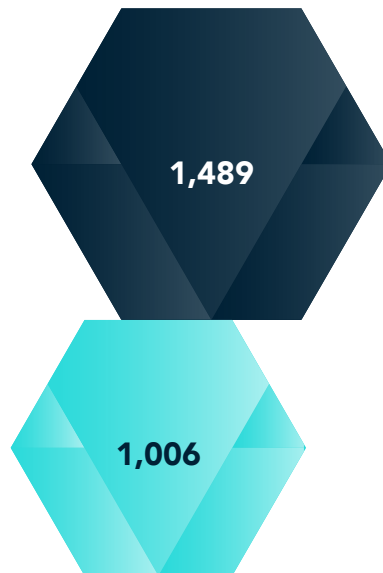


11%

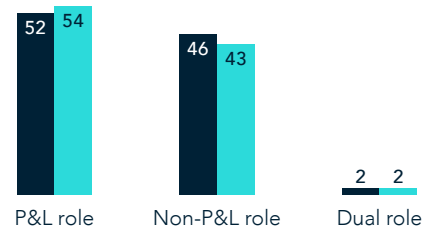
Eliminated roles on leadership teams

■ 2022 ■ 2020

Total number of executives



Role type breakdown (%)



Team size



Forty-two percent of the executives on leadership teams in November 2022 had been appointed after February 2020, and 63% of them were promoted internally.

These changes in the leadership teams were accompanied by high turnover. Forty percent of the executives on the 2020 leadership teams are no longer in their roles.

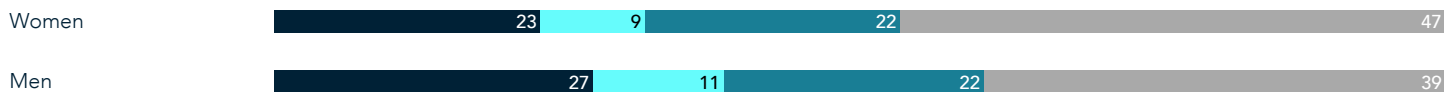
Turnover was higher among underrepresented groups: almost half of the women and over half of the Asian, Black, and Hispanic or Latino executives on the current leadership teams were appointed after 2020. To put this in context, however, out of all appointments after 2020, 68% were white and, coincidentally, 68% were men. Furthermore, by 2022, men more often retained the same role they had in 2020, while women were more often new appointments.

Only a small share of executives stayed on their team but changed roles: 14 were promoted to CEO, 3 became executive chairs, 22 were appointed head of division, 36 were promoted to another C-level role, and 25 changed to other roles.

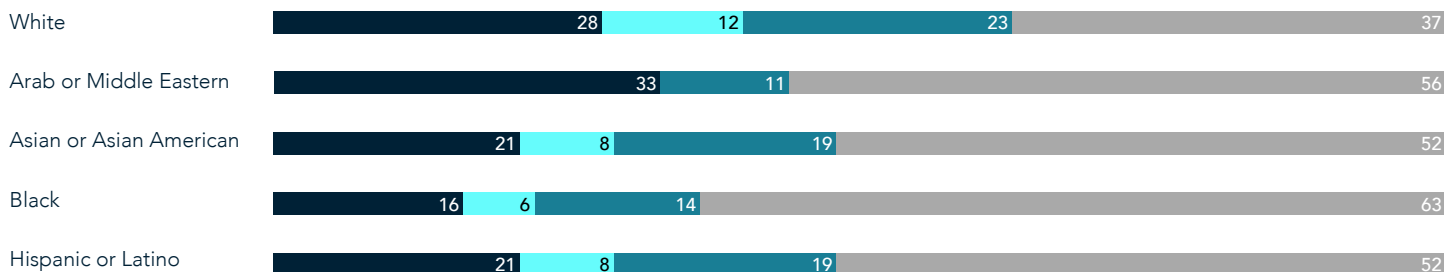
Changes in Fortune 100 leadership teams by gender and ethnicity, 2020 to 2022

On 2020 executive team, in same role
 On 2020 executive team, in different role
 On 2020 executive team, but company not on Fortune 100 in 2020
 New appointment since 2020

Gender (%)



Ethnicity (%)



Note: Numbers may not sum to 100%, because of rounding.

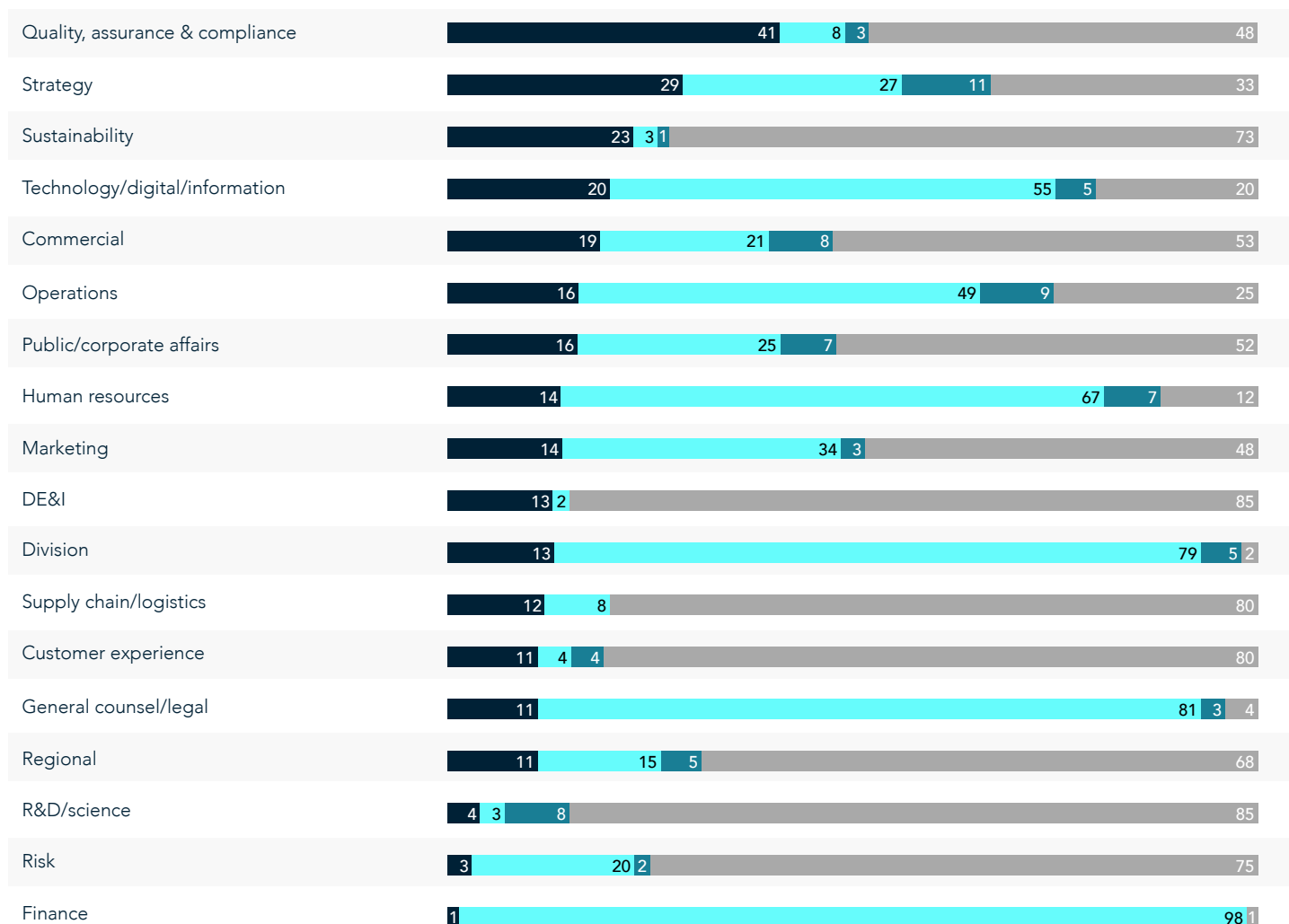
Shifting functions

In terms of the functions added to and removed from leadership teams, quality, assurance, and compliance were most often added. Strategy, operations, and commercial were most often removed.

Share of companies that added or removed function from executive leadership team (%)

■ Added function ■ Maintained function ■ Removed function ■ Not on team either year

Function



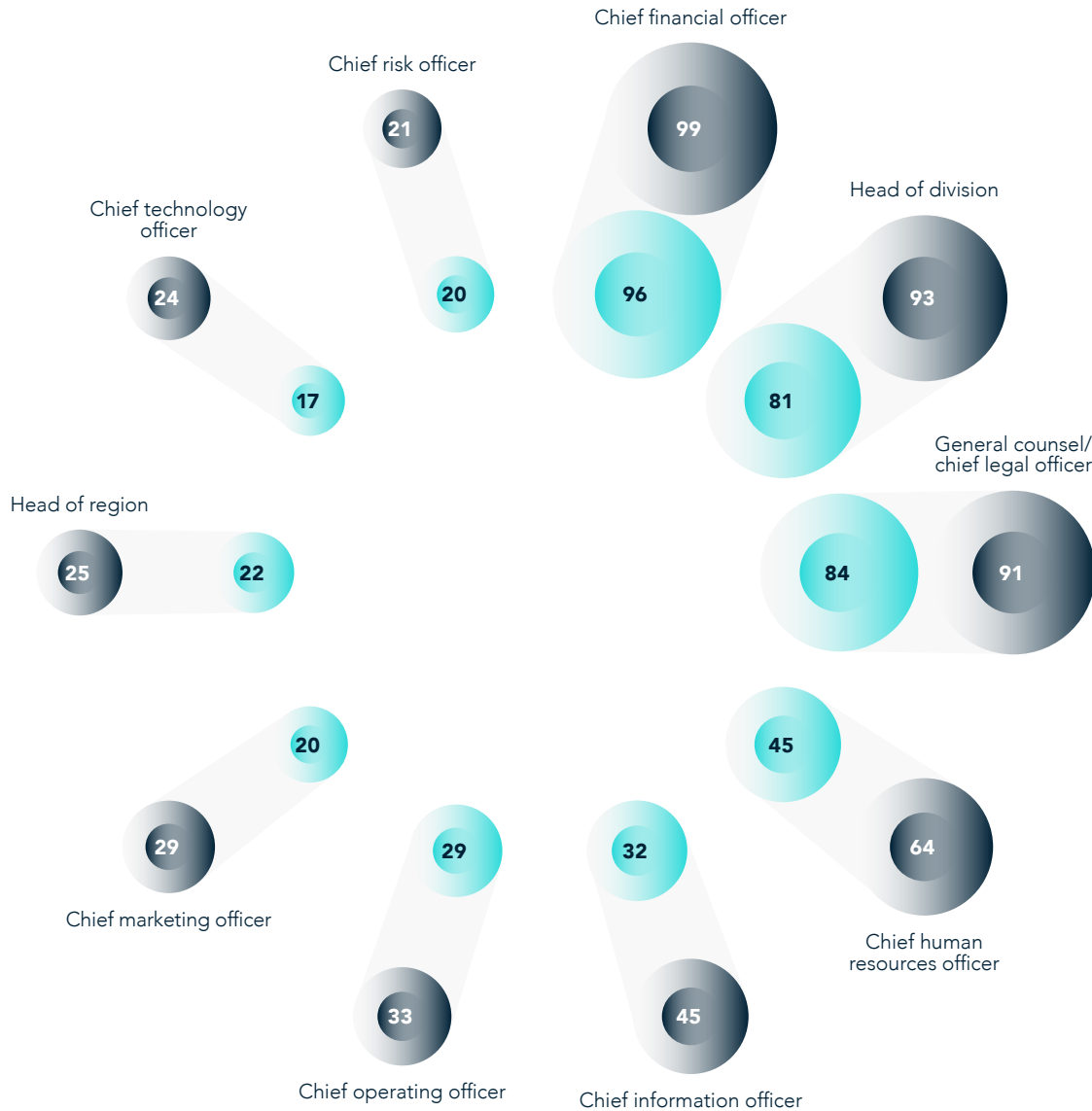
Note: Numbers may not sum to 100%, because of rounding.

Shifting titles

In terms of titles, chief human resources officer was the role most often added between 2020 and 2022, with a 19-percentage-point increase; chief information officer was the second most often added, with a 13-percentage-point increase.

Share of companies with each role (%)

■ 2022 ■ 2020



However, the roles added or removed varied notably by sector. Overall, healthcare and life sciences companies added the fewest functions to their leadership teams; however, almost half added a tech role, underscoring the increasing importance of health tech. More than half of industrial companies added sustainability experts to their executive teams. Compared to other industries, consumer companies more often added division heads, perhaps as a result of the increased complexity of consumer sales during the

Share of companies with each function on the executive committee, 2020 vs 2022 (%)

	Consumer		Financial services		Healthcare & life sciences		Industrial		Technology & telecoms	
	2020	2022	2020	2022	2020	2022	2020	2022	2020	2022
Commercial	25	52	7	19	38	25	39	50	50	57
Customer experience	13	24	10	15	0	0	0	15	13	21
DE&I	4	19	3	15	0	17	0	12	0	21
Division	54	95	93	93	100	92	87	100	88	79
Finance	92	100	100	100	88	100	100	100	94	93
General counsel/legal	79	90	86	93	100	92	87	92	75	93
Human resources	79	81	79	74	100	83	61	88	69	71
Marketing	38	38	28	41	38	17	30	50	75	86
Operations	71	76	59	81	25	42	65	58	44	57
Public/corporate affairs	29	43	34	22	63	42	26	58	31	36
Quality, assurance & compliance	0	48	21	67	13	50	0	50	25	21
R&D/science	21	19	7	0	25	25	4	4	13	0
Regional	25	38	17	30	13	17	17	19	31	21
Risk	8	14	55	67	13	8	4	4	6	7
Strategy	29	43	41	59	50	58	35	65	50	50
Supply chain/logistics	13	43	0	4	13	25	13	19	6	7
Sustainability	8	19	0	11	0	8	9	54	6	14
Tech/digital/information	71	86	76	85	25	58	52	69	63	57

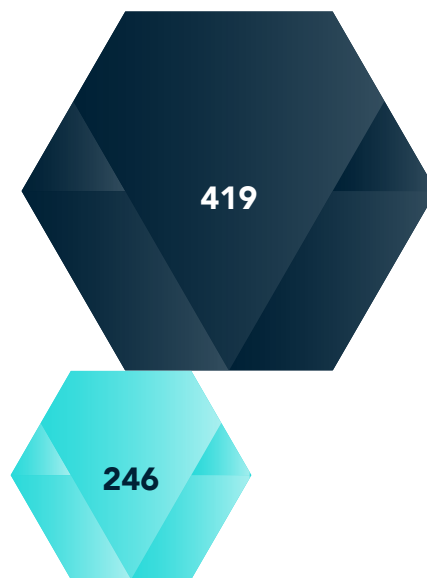
Small but steady progress on diversity

The share of underrepresented groups in leadership roles has varied, with mixed progress toward racial equity. Today, there is a higher share of women and executives who are Black, but little progress has been made in other ethnic or racial groups.

There was a 70% increase in the number of women on executive teams (173 more women than in 2020), but that amounted to only a four-percentage-point increase in the share of women on these teams. That being said, in 1980, there were no women at all on the executive teams of the companies in the Fortune 100, and a study done in 2001 put their share at 11%.² In that context, the four percentage points gained since 2020 are notable, and parallel that with a three-percentage-point jump in women CEOs, from 9% to 12%.

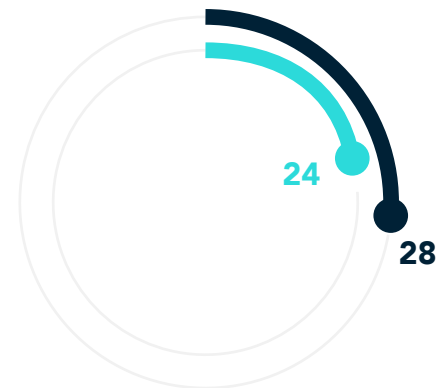
Number of women

■ 2022 ■ 2020



Share of women (%)

■ 2022 ■ 2020



The overall share of executives coming from underrepresented racial and ethnic backgrounds increased from 17% in 2020 to 21% in 2022. The most notable change was the increase in executives who are Black, from 5% in 2020 to 9% in 2022. This reflects what we have seen on Fortune 500 boards. Our *Board Monitor US 2021* report noted a huge leap in the share of Black directors on Fortune 500 Boards: 28% of the seats filled went to those directors, up from just 10% the prior year, though our 2022 report shows a dip in new seats going to Black directors.³

Looking at ethnicity and gender together, 45% of the executives who are Black are women, up from 39% in 2020. Meanwhile, women make up 29% of the Hispanic or Latino group (30% in 2020) and 20% of the Asian American group (compared to 27% in 2020), while none are of Arab or Middle Eastern ethnicity (the same as 2020).

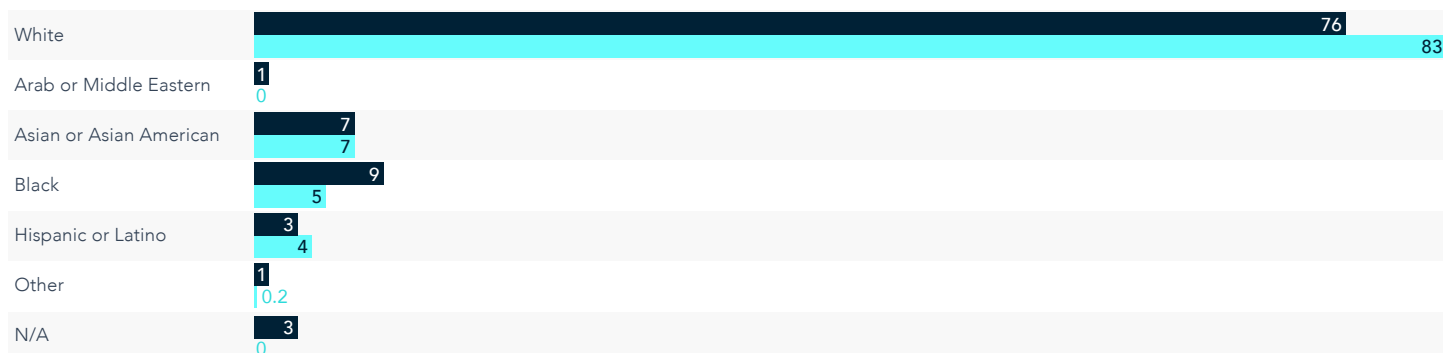
² Peter Cappelli and Monika Hamori, "The new road to the top," *Harvard Business Review*, January 2005, hbr.org.

³ *Board Monitor US 2021*, Heidrick & Struggles, heidrick.com; and *Board Monitor US 2022*, Heidrick & Struggles, heidrick.com.

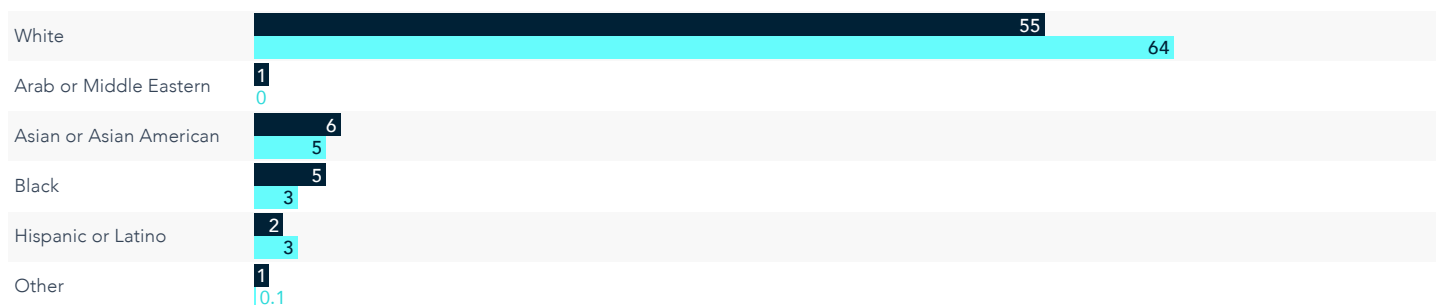
Gender by ethnicity breakdown (% of overall number of executives in each year)

2022 2020

Overall



Men



Women



Overall, 34% of all P&L roles were filled by people in underrepresented groups, up from 27% in 2020.

Overall, there has been an increase in the number of companies that have both gender and ethnic diversity on their executive teams, from 72% in 2020 to 83% in 2022. Ninety-eight percent of companies have at least one woman or one executive who is a racial or ethnic minority. Notably, the share of companies with a Black woman on the executive team more than doubled, but for other ethnic groups, the share remained the same.

There were also some small but encouraging shifts in diversity in P&L roles, which are still more often than other functional roles a precursor to CEO or board roles. One shift was a small but marked increase in the share of P&L roles held by women, from 16% in 2020 to 20% in 2022. This is notable because the share of non-P&L roles held by women remained almost unchanged, at 37% in 2022. There has also been an incremental gain for people of underrepresented ethnicities: 17% of P&L roles are held by people of ethnicities other than white, compared to 15% in 2020. Twenty-five percent of non-P&L roles are held by people who are of racial or ethnic minority groups, compared to 20% in 2020. In addition, out of all P&L appointments made from February 2020 to November 2022, 25% went to women and 20% went to people of color.

Managing bigger, more diverse teams effectively

Most Fortune 100 executive leadership teams had significant turnover in the past two years, have meaningfully increased their size, and have improved their diversity. Overall, only 26% of executives are in the same roles that they occupied in 2020, and 68% of people on leadership teams were promoted internally.

This means that many leadership teams are now integrating their new members and benefiting from comprising a larger pool of diverse backgrounds, experiences, and skill sets. And though more executives are coming from areas that have historically placed more emphasis on strong technical skills (such as quality and assurance or supply chain) and less emphasis on leadership skills, other research we have done shows that many leaders in these functions have evolved their leadership styles over the past few years to deliver in these newer, collaborative roles as part of the executive team.⁴

As these teams seek to become more inclusive, they may benefit from keeping in mind findings from other Heidrick & Struggles research, which has shown that inclusive teams distinguish themselves through six key actions: having clear decision rights and responsibilities and seamless information sharing; engaging their full teams and encouraging everyone to take on challenges on behalf of the team; nurturing a climate of support and trust that enables open discussions and robust challenges; building learning capabilities; encouraging team members to take risks, set ambitious goals, and energize each other; and having a clear rigorous contract and expectations with their organizations.⁵

Though the high turnover in executive teams since 2020 may prove to be an outlier, companies should always be planning for changes in their leadership team, be they driven by strategy or circumstances. One important tactic for ensuring preparedness is making sure executive teams at all levels and the pool of potential successors include a wide range of people from various backgrounds and with varied capabilities and skill sets in order to prepare for a wide range of scenarios across multiple time horizons. Companies must also be prepared to invest time and resources in making sure their top leaders have the best foundation, both individually and as a team, from which to lead their organizations.

4 For example, see David Burd, Lee Hanson, and Victoria Reese, "How the general counsel role is changing in 2023," Heidrick & Struggles, heidrick.com; and Scott Adams, "The changing leadership styles of supply chain executives," Heidrick & Struggles, heidrick.com.

5 Alice Breeden and TA Mitchell, "Six actions leaders can take to nurture inclusive teams," Heidrick & Struggles, heidrick.com.

Here are some questions to consider:

Is your executive team fit for purpose?

Team composition and succession planning

- Is the team composition assessed regularly to review the skill sets, experiences, and capabilities the board and CEO have identified as important to leading the company today?
 - Is there a clear process for changing the composition of the team, removing people with expertise that is no longer critical and adding people with new areas of expertise or new capabilities, as strategic and operational needs change?
 - Is there a thorough and frequently updated executive succession planning and development program to ensure the company will have the leaders it needs?
 - Is there a thoughtful process to identify, assess, onboard, and develop a diverse set of executives?
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Team governance and dynamics

- Has the company developed tailored onboarding and transition processes and support for each new team member?
- Does the leadership team understand the work only they can do and how they can be most effective as a unit?
- Does the team have an inclusive culture?
- Does the team have clear priorities, accountabilities, and metrics?
- Is the team disciplined about decision making?
- Do team members share responsibilities as well as rewards and recognition?

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Corporate Officers Practice

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We pride ourselves on being our clients' most trusted advisor and offer an integrated suite of services to help manage these challenges and their leadership assets. This ranges from the acquisition of talent through executive search to providing counsel in areas that include succession planning and executive assessment. We seek and develop leaders that are culture shapers with the foresight, resilience, and adaptability to drive transformative change in organizations.

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