

**Alexander Hughes**  
**Management Survey**  
**Volume 4**  
**2014**



## Alexander Hughes Denmark Management survey

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Welcome to the Alexander Hughes Management Survey 2014.

This is the fourth consecutive year where we have made status of CEOs and Boards of Directors in a large number of companies in Denmark. The survey covers the 1,500 biggest companies in Denmark – those with +100 employees. The information presented covers the fiscal year 2013.

As in previous volumes the survey is based on factual information obtained from The Danish Business Authority managed through BiQ. Hence the information is based on detailed actual figures down to each individual CEO or Board member in each individual company.

An exception from this is the part of the Survey covering the educational background of the CEO. Obviously data in this field is not available from the above source, but despite this we have managed to collect detailed information enabling us to present precise information in this area as well.

Enjoy you reading!

<b>Content</b>	<b>Page</b>
<b>CEO Survey</b>	3
Changes among CEOs during 2013	3
The CEO profile by the end of 2013	9
<b>The educational background of the CEO</b>	12
<b>Board Survey</b>	18
Changes among Boards of Directors during 2013	19
Profile of the Board of Directors by the end of 2013	23



## CEO Survey 2014

### 170 new CEOs during 2013

170 companies equaling 11 % of the 1,500 biggest companies in Denmark had a new CEO during 2013. This is a decrease by more than ¼ compared to 2012 where the number of companies having a new CEO was 236 equaling 15 %.

16 of the new CEOs in 2013 equaling 9 % were women. Percentage wise this is the same as last year where 22 of 236 CEOs were women. Obviously the remaining 154 in 2013 and 214 in 2012 both equaling 91 % were men.

24 equaling 14 % of the new CEOs were foreigners or resided outside of Denmark. The corresponding numbers for 2012 were 40 equaling 17 %, again a significant decrease from 2012 to 2013.

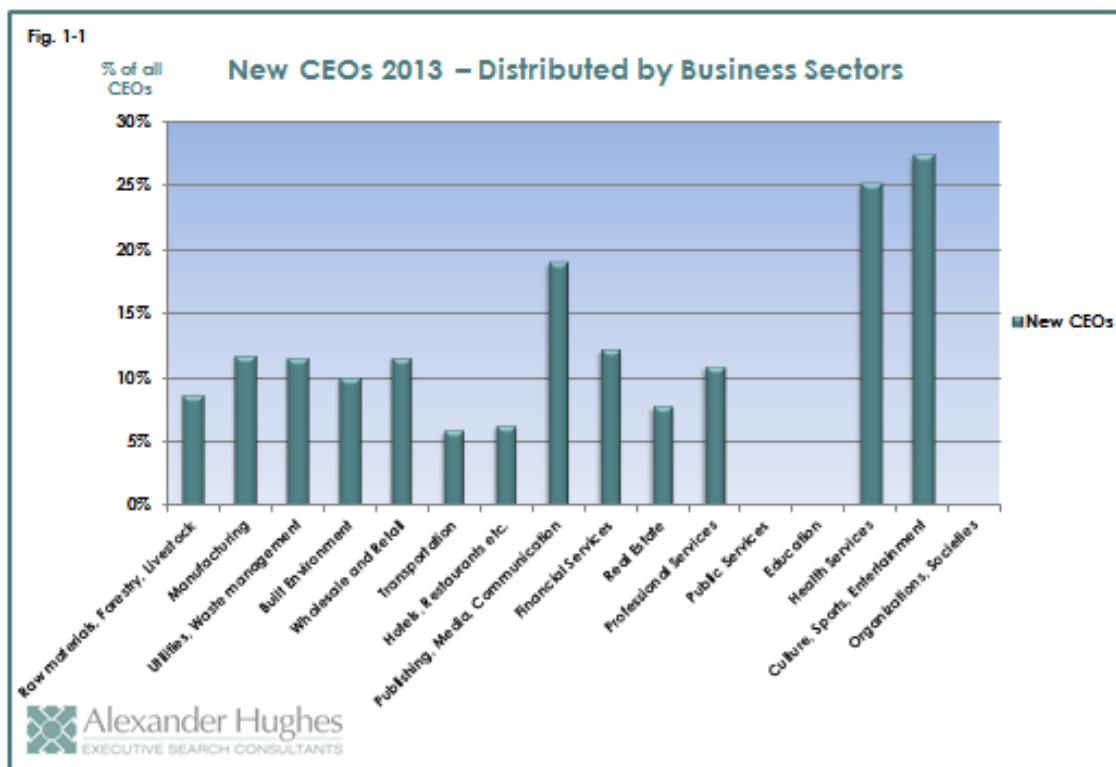
27 % of the companies in the **Business Sector** "Culture, Sports and Entertainment" had a new CEO during 2013. This is the highest rate of new CEOs among all business sectors. However the actual number of companies in this sector is low with 11 companies of which 3 had a new CEO in 2013. Hence one new CEO more or less will result in a big difference percentage wise. It is interesting though that the very same business sector had the highest replacement rate in 2012 as well since 4 out of 11 companies had a new CEO. On closer examination it turns out that one of the companies in this business sector replaced their CEO both in 2012 and in 2013. The company is the football club "Boldklubben AAB" where the long serving Sports Director Mr. Lynge Jacobsen became the CEO in 2012. He was then replaced by Mr. Stephan Schors in 2013.



## Alexander Hughes Denmark Management survey

Apart from the above anecdote the business sector "Healthcare", which is another business sector with a small number of companies had a new CEO in 2 out of 8 companies equaling a replacement rate of 25 %.

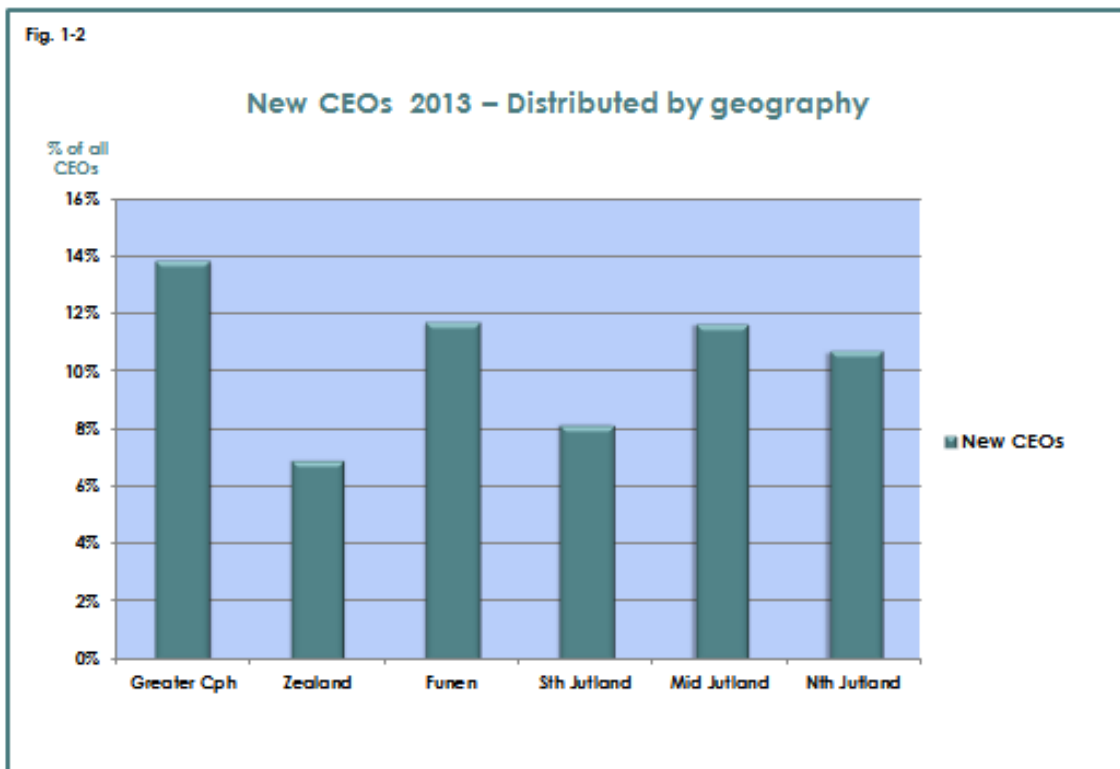
The Business Sector "Publishing, Media & Communication" with 95 companies had a new CEO in 18 of these companies equaling 19 %. The smallest replacement rate was in the business sector "Transportation" with 7 new CEOs out of 120, and in "Hotels and Restaurants" with 2 new CEOs out of 32 both equaling 6 % (fig. 1-1).



Spread by **Geography** the Greater Copenhagen area had the largest share of new CEOs in 2013 with 87 out of 629 companies equaling 14 % having a new



CEO. With 12 % new CEOs Funen and Mid Jutland was just above the average of 11 %. The lowest replacement rate thereby on the other hand achieving the highest rate of continuity was Zealand and South Jutland with 7 respectively 8 % new CEOs in 2013 (fig. 1-2).



### Gender diversity

As in previous years the actual numbers in terms of gender diversity are small. Hence the percentage figures will be big and vary a lot.

The **Business Sector** "Manufacturing" had 4 new female CEOs in 2013 equaling only 8 % of the total of 51 new CEOs in this business sector. The "Wholesale and Retail" business sector had 3 new female CEOs in 2013 also equaling 8 % out of a total of 39 new CEOs in this business sector. "Hotels and Restaurants" had 2 new female CEOs equaling 100 % of the new CEOs in this business sector.



“Finance” had 2 equaling 17 % and “Professional Services” had 2 as well equaling 10 % of the new CEOs in this business sector.

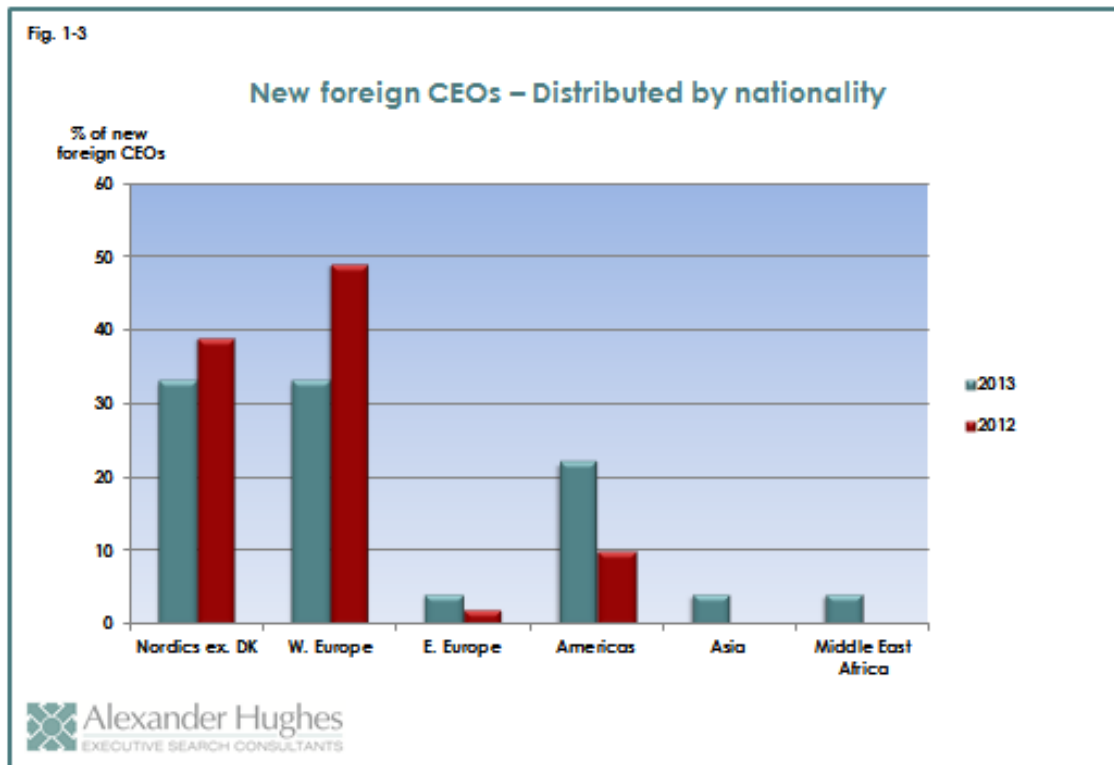
There were no women among the total of 36 new CEOs in the following business sectors in 2013: “Utilities and Waste Management”, “Construction”, “Publishing, Media and Communication”, “Healthcare” and “Culture, Sports and Entertainment”.

Spread by **Geography** there were 2 women out of 11 new CEOs on Funen equaling 18 %. The Greater Copenhagen area had 11 women out of 76 new CEOs equaling 13 %. None of the 12 new CEOs in 2013 in Northern Jutland were women.

#### **Diversity by nationality**

24 of the new CEOs in 2013 were foreigners. 8 of these equaling 33 % of the total number of foreigners come from the Nordic countries. Another 8 come from Western Europe outside of the Nordics. 5 equaling 21 % come from the Americas and 1 equaling 4 % from each of the regions Asia, Eastern Europe and Middle East/Africa respectively.

In 2012 there were 41 new foreign CEOs equaling 17 %. 16 of these (39 %) came from the Nordic countries, 20 (49 %) came from Western Europe outside of the Nordics, 4 (10 %) came from the Americas and 1 (2 %) was from Eastern Europe (fig. 1-3).



**Business Sectors:** The new foreign CEOs were spread in four Business Sectors with “Manufacturing” as the most significant with 14 (27 %) new foreign CEOs out of a total of 51 new CEOs in this Business Sector. 8 (21 %) out of 39 new CEOs in the Business Sector “Wholesale & Retail” were foreign and the remaining 2 new foreign CEOs were in “Utilities and Waste Management” and “Publishing, Media and Communication” respectively.

**Geography:** 12 (14 %) of the new CEOs in the Greater Copenhagen area were foreigners, 6 (25 %) of the new CEOs in South Jutland were foreigners, 4 (16 %) in Mid Jutland, 1 (9 %) in Funen and 1 (8 %) in North Jutland.

### Resigned CEOs during 2013

172 CEOs resigned during 2013 out of which 16 (9 %) were women. This is the exact same number as the number of women who joined as new CEO during 2013.



26 foreign CEOs resigned during the year compared to 24 foreign CEOs who joined during the year.

**Length of service**

31 (18 %) of the resigned CEOs had less than one year of service, 56 (33 %) had one to three years of service. This means that a good half of the CEOs who resigned during 2013 had less than three years of service. 32 (19 %) had three to five years of service, 39 (23 %) had five to ten years of service, 7 (4 %) had ten to fifteen years and the remaining 7 (4 %) had more than 15 years of service.

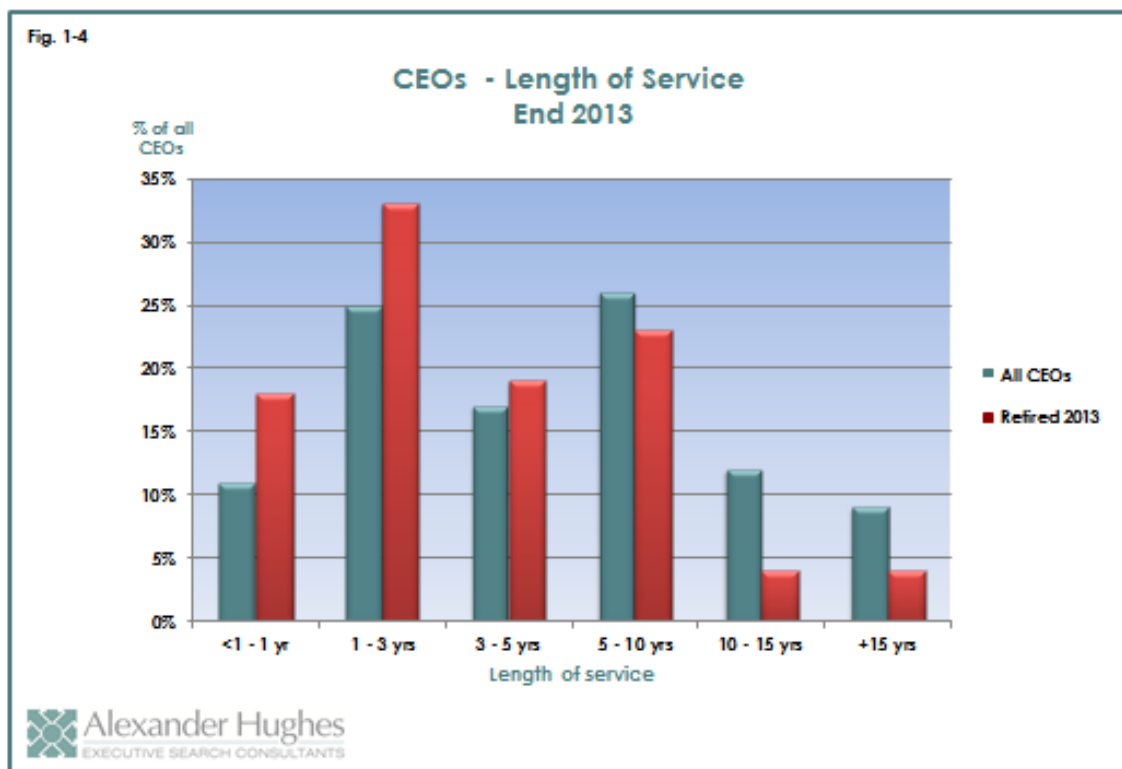




### The Profile of the CEO 2013

By the end of 2013 there were a total of 1,500 companies in Denmark with +100 employees. By the end of 2013 the average length of service for all the CEOs in these companies was 6 years and 6 months. The female CEOs had an average length of service of 4 years and 5 months while the male CEOs had an average length of service of 6 years and 8 months.

Spread by time intervals the length of service is as follows: 170 (11 %) have less than one year of service as previously mentioned. 253 (17 %) have three to five years of service, 386 (26 %) have five to ten years of service, 179 (12 %) have ten to fifteen years of service and finally 144 (10 %) have more than 15 years of service (fig. 1-4).





**Geography:** With seven years and six months CEOs on Zealand and Funen serves the longest time on average while CEOs in North Jutland are close followers with an average service of seven years and 5 months.

CEOs in the Greater Copenhagen area have the shortest length of service with five years and five months on average.

The **Business Sector** "Education" stands out as the business sector with the longest serving CEOs. The average length of service for CEOs in this business sector is sixteen years and two months. However there are only two companies in this business sector, "Fonden DIS" and "Forsikringsakademiet A/S". At "Fonden DIS" the CEO, Mr. Anders Uhrskov has served in his position since May 1989 equaling 24 years and 8 months. The CEO of "Forsikringsakademiet" Mr. Torben Holme Nielsen served for "only" seven years and eight months. Thus the average length of service for these two CEOs will be sixteen years and two months.

Apart from the above rather odd anecdote which is not statistically applicable, the longest serving CEOs are in the business sector "Real Estate" with eight years and four months on average, "Hotels and Restaurants" with eight years and three months on average and "Construction" with seven years and ten months on average.

The average shortest length of service CEOs are in the business sectors: "Healthcare" with three years and ten months, "Culture, Sports and Entertainment" with five years and one month and in "Professional Services" and "Publishing, Media and Communication" both with five years and four months on average.



### Gender diversity

98 (6 %) of the included 1,500 companies have a female CEO and 1,402 (94 %) have a male CEO.

Since the percentage of new female CEOs was 9 % in 2013 and 2012, 8 % in 2011 and 7 % in 2010 this could indicate an overall yet slowly increasing share of female CEOs in the included companies.

The following **Business Sectors** have the largest share of female CEOs: "Organizations and Associations" with one out of six CEOs being female (17 %), "Hotels and Restaurants" with five out of 32 CEOs being female (16 %) and "Healthcare" with one out of eight (13 %). The smallest share of female CEOs is in the business sectors "Utilities and Waste Management", Culture, Sports and Entertainment" and "Education" where there are none at all.

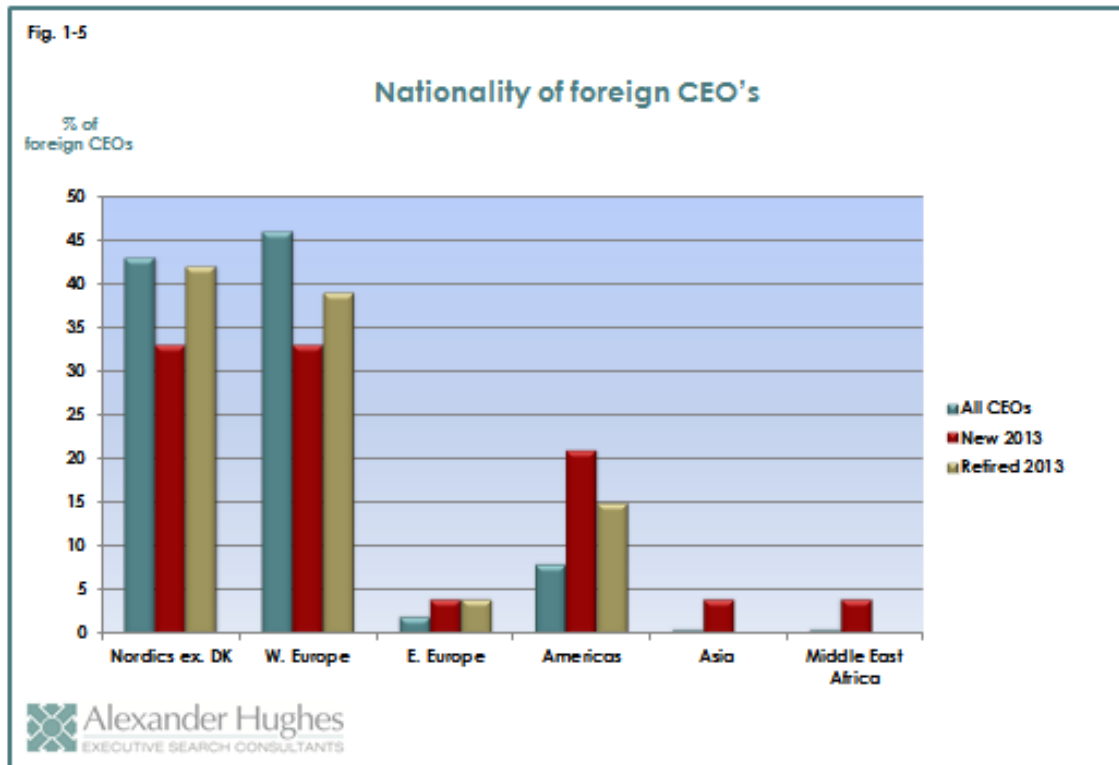
Spread by **Geography** the largest share of female CEOs is in the Greater Copenhagen area with 59 out of 629 (9 %) and the smallest share of female CEOs is in North Jutland with three out of 112 (3 %) and Mid Jutland with 7 out of 214 (3 %).

### Diversity by nationality

By the end of 2013 there were 159 foreign CEOs equaling almost 11 % of all CEOs. This was slightly less than by the end of 2012 where there were 174 foreign CEOs equaling just above 11 % of all CEOs. 43 % of the foreign CEOs came from the Nordic countries, 46 % came from Western Europe, 8 % from the Americas, 2 % from Eastern Europe and 0,6 % (one CEO) came from Asia and from Middle East or Africa respectively.



The nationality of the **resigned** foreign CEOs was as follows: 42 % were from the Nordic countries, 39 % were from Western Europe, 15 % from the Americas and 4 % were from Eastern Europe (fig. 1-5).



The largest share of foreign CEOs is in the **Business Sectors** "Wholesale and Retail" (18 %), "Healthcare" (13 %) and "Professional Services" (12 %). The smallest share of foreign CEOs is in "Real Estate", "Organizations and Associations", "Education" and "Public Services" since none of these business sectors have any foreign CEOs at all.

Spread by **Geography** the largest share of foreign CEOs is in the Greater Copenhagen area with 16 %, while the lowest share of foreign CEOs is on Funen (4 %), Mid Jutland (5 %) and Zealand (6 %).



## The CEO's educational background

By mapping the educational background of CEOs, we have added yet an additional dimension to the already detailed and factual analysis of “the DNA of the CEO”. The educational levels, branch of study and subjects are analyzed by gender, business sector and by geography. The extent and types of post graduate education are analyzed as well.

### Data basis

As always our Management Survey focuses on diversity, innovation and continuity based on 100 % factual information collected from the Danish Business Authority managed through BiQ. Obviously information about the educational background of the CEOs is not available from this source. Through extensive research however we have been able to collect precise and factual information about the educational background of more than half of the CEOs from the 1,500 biggest companies in Denmark. Based on this level of factual information we can assume that the results presented will count for all CEOs in the companies covered by the Survey.

### The educational level of the CEO

The CEOs from 53 % of the companies covered by the Survey have a Long term (four years or more) education. 35 % have a Medium term (three to four years) education and the remaining 12 % have a Short term (two years or less) education (fig. 2-1).

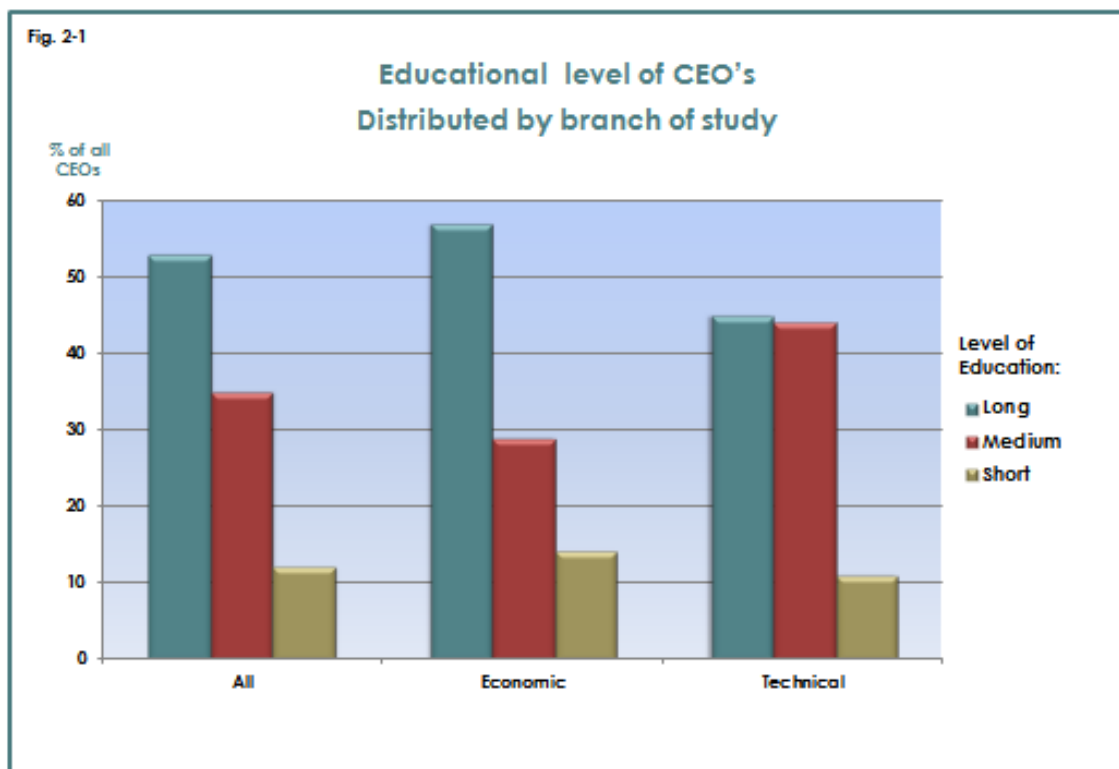


### Branch of study

Overall 62 % of the CEOs have an economic education while 38 % have a technical education.

**Economic educations:** 57 % of the CEOs in this field have a long term education, 29 % have a Medium term and 14 % have a Short term education.

**Technical educations:** 45 % of the CEOs in this field have a long term education, 44 % have a Medium Term and 11 % have a Short term education (fig. 2-1).



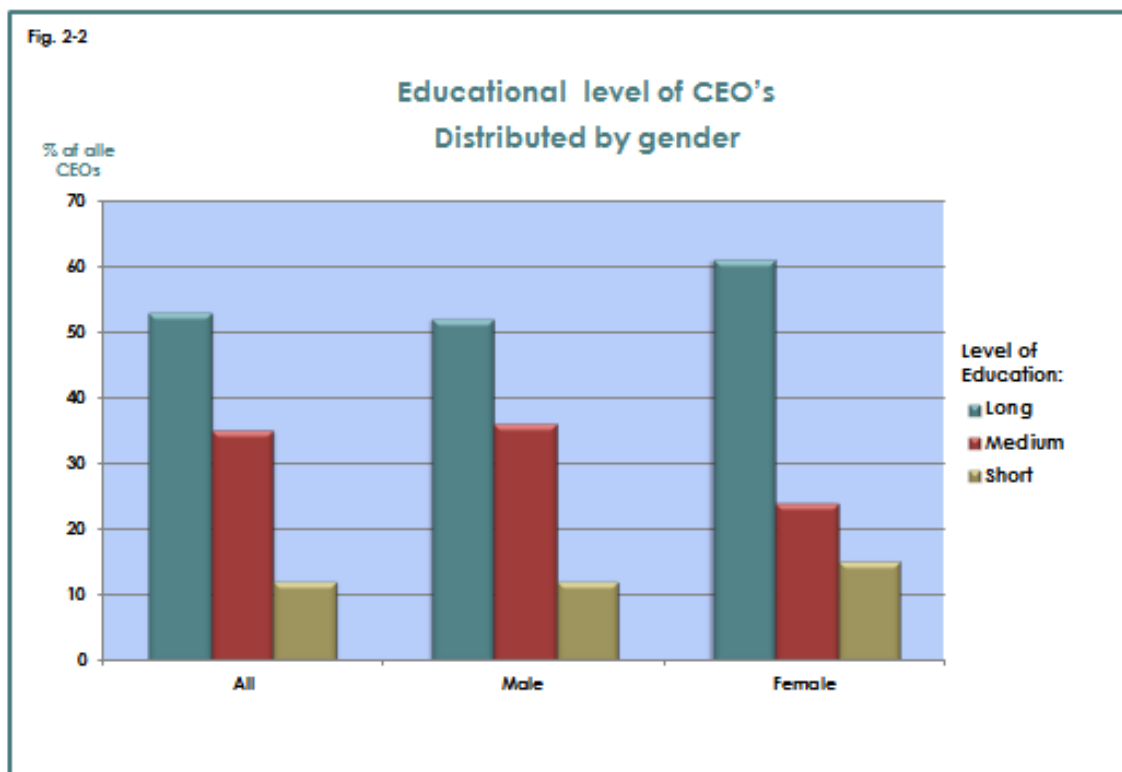


### Education by gender

As previously mentioned the overall gender split among the CEOs is 93 % male and 7 % female.

52 % of the male CEOs have a Long term education, 36 % have a Medium term and 12 % have a Short term education.

61 % of the female CEOs have a Long term education, 24 % have a Medium term and the remaining 15 % have a Short term education (fig. 2-2).



9 % of the CEOs with an economic education are women, while 4 % of the CEOs with a technical education are women.



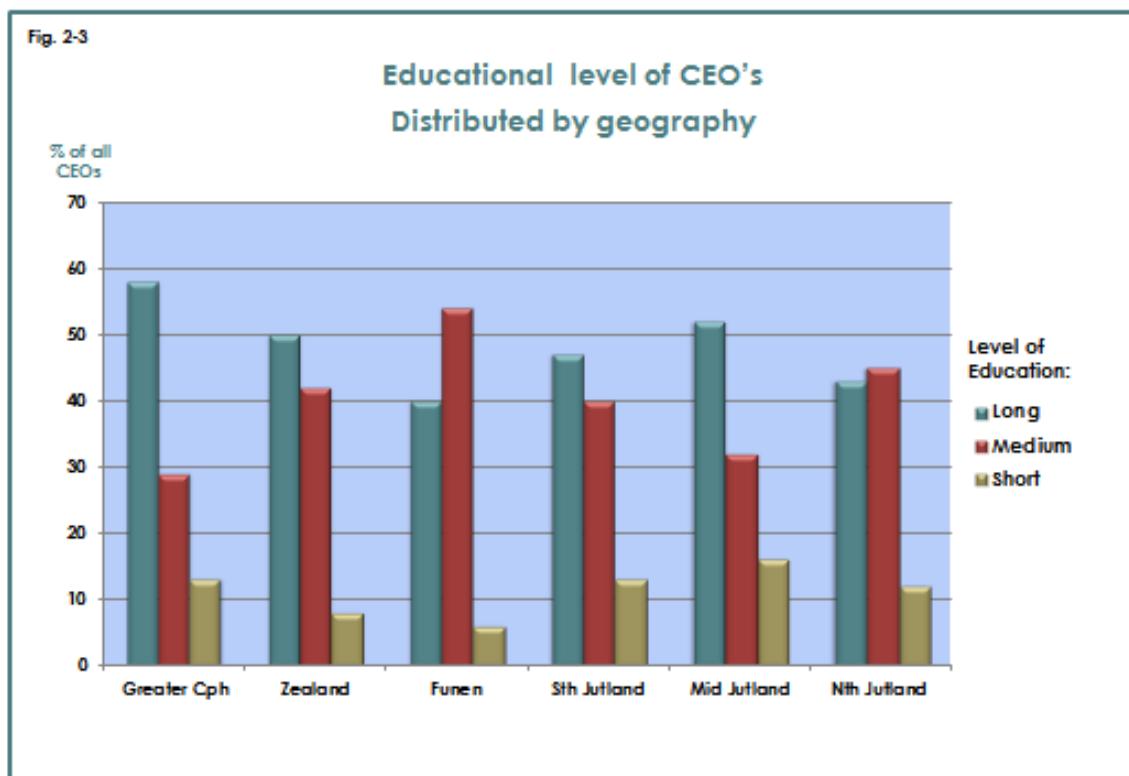
10 % of the CEOs have a foreign degree – either because they are foreigners or they are Danes who went abroad to complete an education.

### Educations by geography

Among the CEOs in Funen and Northern Jutland 40 % respectively 43 % have a Long term education while 58 % of the CEOs in the Greater Copenhagen area have a Long term education compared to the average share of 53 %.

CEOs in Funen and North Jutland however have the largest share of Medium term educations namely 54 % respectively 45 % compared to the average share of 35 %.

While the average share of CEOs with Short term educations is 12 % the smallest share of CEOs with Short term educations is in Funen and Zealand with 6 % respectively 9 % and Mid Jutland with 16 % has the largest share (fig. 2-3).

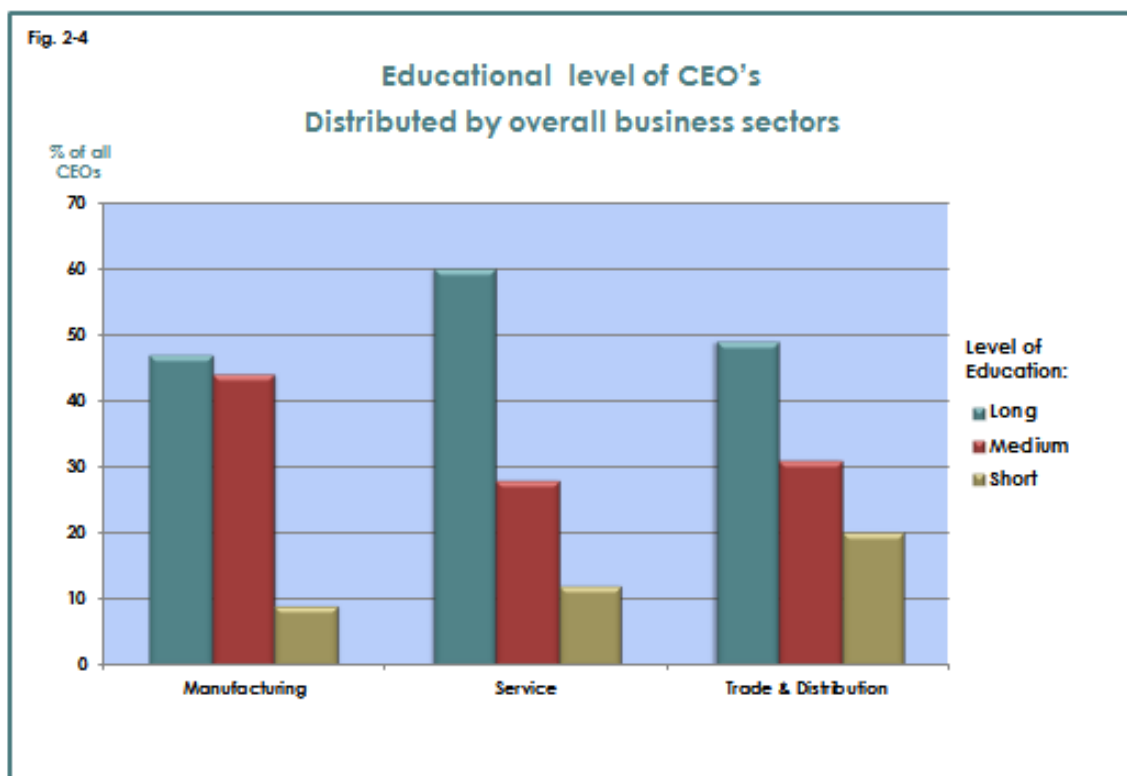






### Educations by Business Sectors

As previously mentioned the overall split between the educational levels of the CEOs in all the included companies is 53 % Long term, 35 % Medium term and 12 % Short term. In the "Professional Services" business sector 60 % of the CEOs have a Long term education while the largest share of CEOs with a Medium term education is in "Manufacturing" with 43 %. The largest share of CEOs with Short term educations is in "Wholesale and Retail" with 20 % (fig. 2-4).



### Post Graduate educations

16 % of all CEOs in the included companies have a Post Graduate education for example a commercial education "on top of" an engineering degree, a MBA after a Master of Science degree or something similar. 19 % of the CEOs with a post graduate education completed it abroad.



## Alexander Hughes Denmark Management survey

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46 % of the CEOs with a post graduate education hold a MBA. The preferred MBA School among those is by far CBS (Copenhagen Business School) since almost one third of the CEOs holding and MBA completed it at CBS. This is more than twice the number of CEOs holding a MBA from the second most preferred MBA School, The University of Aarhus and the third most preferred School, Henley Business School. The number of CEOs holding a MBA from these two schools is almost the same.

38 % of the CEOs with a post graduate education hold a Graduate Diploma (in Danish: HD) very often following an engineering degree. Approx. half of the CEOs holding a Graduate Diploma completed it on the subject "Organization".



## Board Survey 2014

From all stakeholders (Owners, management, employees, authorities, business-, employer- and employee associations, educational institutions, advisors, media a. o.) the general opinion still is that there is a strong need to professionalize companies' Boards of Directors especially with focus on diversity, innovation and continuity. Obviously this survey will also concentrate on these three areas: **diversity, innovation** and **continuity**.

In our normal day to day business we frequently meet many of the above stakeholders where we have the opportunity to discuss the subject. The conclusions we are able to draw based on these discussions are:

- The need to professionalize the Boards of Directors is confirmed to a great extent.
- Among the biggest companies the above confirmation has been transformed into specific actions, very often by formulation of policies and guidelines to be an integrated part of the companies' Corporate Governance followed by actual actions in accordance with these policies and guidelines.
- Among the largest group of companies in Denmark: the medium sized and smaller companies, there is still a long way from the above confirmation of the need to actually acting on it.

This year's Survey first of all focuses on the actual status of the Boards of Directors by the year end. In addition however it also focuses on the changes compared to last year and in some cases also changes compared to previous years before that. Hence the Survey provides a pointer as to whether or not the above statements have a basis in reality.



For the sake of good order it should be mentioned that the Survey does not separate between Board members elected by the General Assembly and Board members elected by the employees. The Survey also does not separate between group internal board members and non-executive directors.

### **708 companies had one or more new Board Members during 2013**

708 equalling 47 % of the 1,500 largest companies in Denmark (those with +100 employees) had one or more new Board Members during 2013. This is an increase by 14 % compared to 2012 where 619 companies had one or more new Board Members. The total number of new Board Members in 2013 was 1,370 out of a total of 7,166 Board Members equalling 19 % of all Board Members in the companies covered by the Survey. The corresponding figures for 2012 were 1,267 new Board Members out of 7,008 equalling 18 %.

**Geography:** North- and South Jutland had the highest level of continuity since only 15 % of the Board Members in these regions were replaced. The Greater Copenhagen area on the other hand had the highest replacement (innovation) rate with 22 % new Board Members followed by the Zealand region with 21 % new Board Members during 2013.

**Business Sectors:** The Business Sector "Culture, Sports and Entertainment" had the highest rate of new Board Members since 47 % of Board Members in this business sector were replaced. In "Healthcare" 43 % of the Board Members was replaced and the replacement rate in "Agriculture and Forestry, Fishing and Raw Materials" was 41 %. However all of the above business sectors are characterized by a relatively small number of companies hence also a relatively small total number of Board Members (131 in total). A small number of



replacements (57 in total) therefore will result in relative high figures percentage wise.

The lowest replacement rate was in "Real Estate" (8 %), "Construction" (13 %) and "Utilities" (16 %).

### **"The battle of the sexes"**

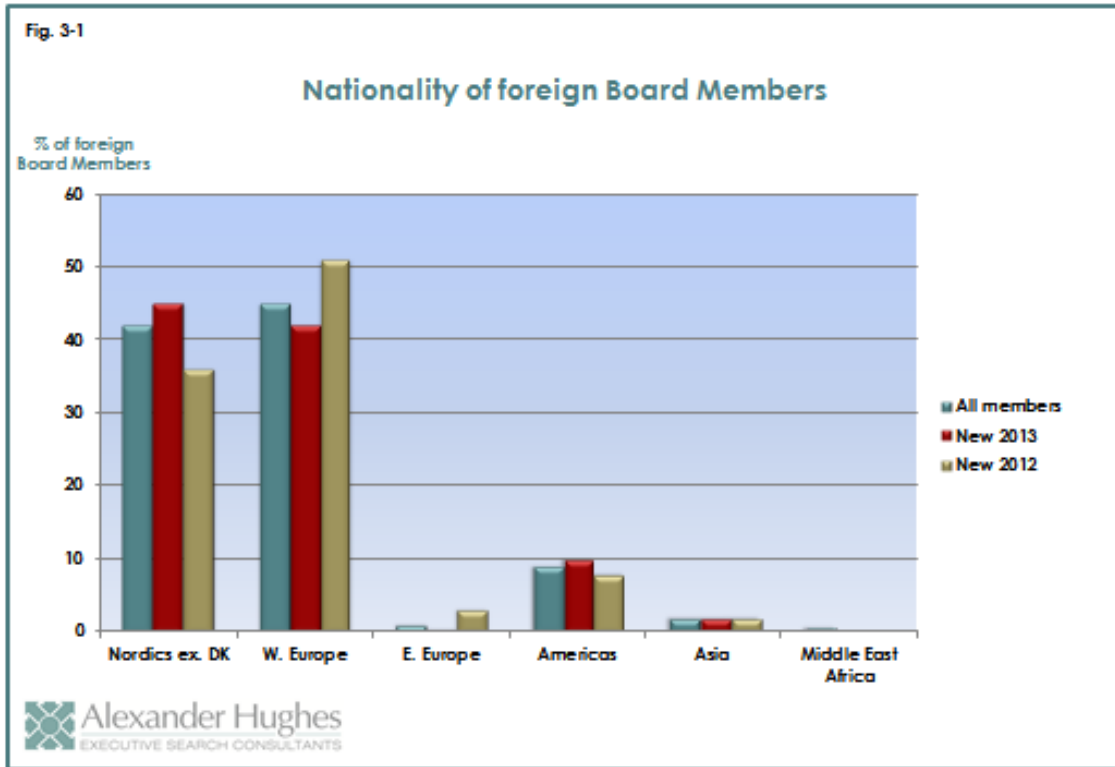
The split between women and men among the new Board Members during 2013 is almost the same as it was in 2012 namely 16 % women and 84 % men.

It is also exactly the same split as the split among the total number of Board Members covered by the Survey. As such there is no indication of a development towards a more even balance between the sexes on the Board of Directors.

### **Foreigners on the Board of Directors**

353 of the new Board Members during 2013 equaling 26 % were foreigners or resided outside of Denmark. The corresponding numbers in 2012 was 295 foreigners equaling 23 % and in 2011 it was 276 equaling 21 %.

158 (45 %) of the foreign Board Members who joined during 2013 are from the Nordic countries, 150 (42 %) are from Western Europe (outside of the Nordics), 36 (10 %) are from the Americas and 8 (2 %) of the new foreign Board Members are from Asia. Finally one (0.3 %) of the new foreign Board Members is from Eastern Europe. There were no new foreign Board Members from the Middle East and Africa (fig. 3-1).



The above adds the total number of foreign Board Members by the end of 2013 to 1,273 equaling 18 % of the total number of Board Members. This is 1 % more than by the end of 2012.

Unlike the lack of development in the split between women and men as mentioned in the previous section, there seem to be a clear development going on in the share of foreign Board Members among the new Board Members in the companies covered by the Survey. Over the past three years the share of foreign Board Members among the new Board Members has been constantly growing (21 %, 23 %, 26 %).

24 % of the Board Members who resigned during 2013 were foreigners. This could also indicate that the number of foreign Board Members is increasing.



## Alexander Hughes Denmark Management survey

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By closer examination of the Boards of Directors in general and the foreign Board Members in particular it turns out that by far most of the foreign Board Members are group intern typically representing a foreign mother company. In other words the new foreign Board Members have not entered the Board to bring knowledge, experience and/or network from foreign markets to support the companies' entering of or operations on these markets. Hence there is still a huge need to add these competencies to the Boards of Directors in many of the companies covered by the Survey.

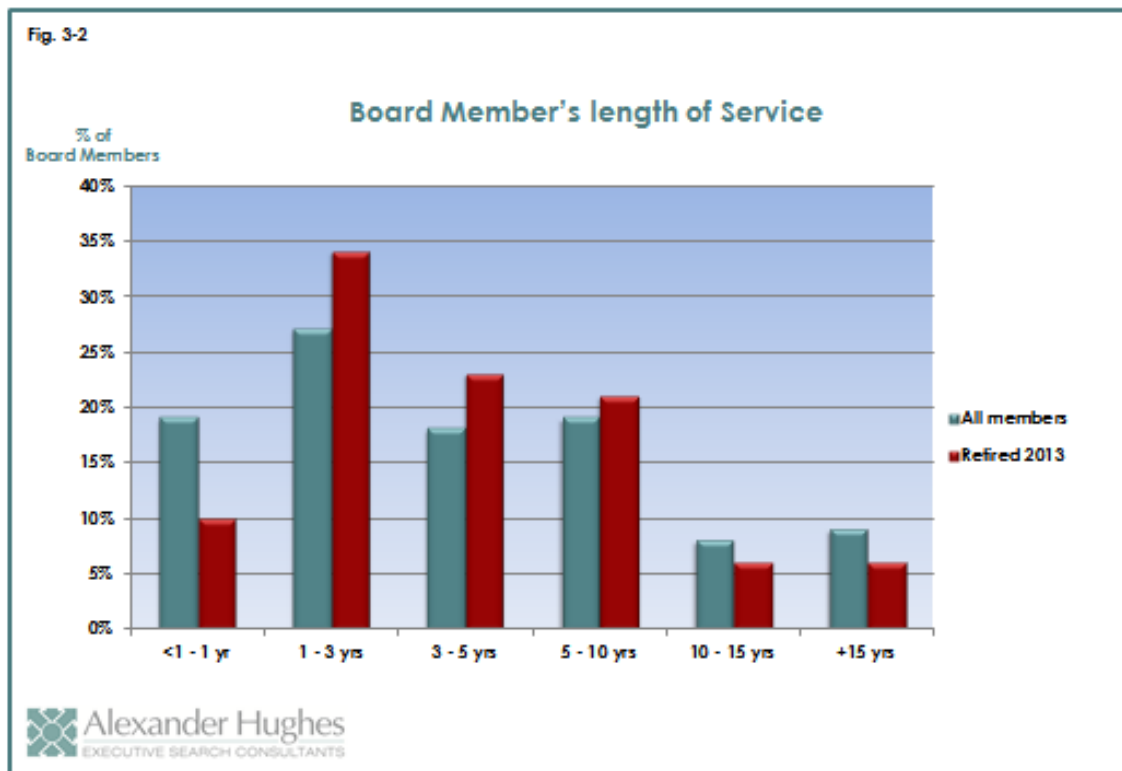
### **Innovation versus continuity**

10 % of the Board Members who resigned from a Board of Directors during 2013 had served less than one year. 34 % had served between one and three years. This means that just like last year almost half of the Board Members who resigned during the year had served less than three years. 23 % of the Board Members had served between three and five years, 21 % had served between five and ten years and the remaining 11 % served for ten years or more.



### Profile of the Board of Directors by the end of 2013

**Length of service:** As previously mentioned 19 % of all current Board Members entered into their Board of Director position during 2013 i.e. by the end of 2013 they had served less than a year. 27 % of all Board Members served between one and three years, 18 % served between three and five years, 19 % served between five and ten years and almost 17 % served 10 years or more (8 % between ten and fifteen years, 9 % more than 15 years (fig. 3-2).



The average length of service by the end of 2013 for all Board Members is five years and eight months.

**Length of service by regions:** Board Members in the South Jutland region on average served for the longest time, namely six years and four months while





Board Members in the Greater Copenhagen area on average served for the shortest time: four years and ten months.

**Length of service by business sector:** Board Members in the "Construction" business sector on average served for seven years and one month which is the longest time of all business sectors. Board Members in "Real Estate" on average served the second longest time with six years and ten months. On the other end Board Members in "Healthcare" on average served for two years and seven months which is the shortest time among all business sectors. The business sector with the second shortest length of service is "Agriculture and Forestry, Fishing and Raw Materials" with three years and five months on average. It should be mentioned however that these business sectors both consist of relatively few companies (ten and twelve). Therefore any change in actual numbers will result in quite big variations percentage wise.

### **Gender diversity**

1,059 of the total number of 7,166 Board Members who by the end of 2013 served in the companies covered by the Survey are women and the remaining 6,107 are men equaling almost 15 % and just above 85 % respectively.

The Business Sectors having the largest share of women on the Boards of Directors are "Education" where 41 % of the Board Members are women followed by "Healthcare" with 37 %, "Hotels and Restaurants" with 22 % and "Finance" with 21 % of the Board Members being women.

The smallest share of women on the Boards of Directors is in "Manufacturing" with only 10 % of the Board Members being women followed by "Construction" with 11 % and "Public Services" also with 11 % of the Board Members being women.



Region wise The Greater Copenhagen area has the highest share of women on the Boards of Directors with 18 % and the Zealand Region with 15 % while North Jutland has the smallest share of women with 10 % followed by Funen with 12 % of the Board Members being women.

12 % of the Board Members who resigned during 2013 were women while 16 % of the Board Members who joined during the same period were women.

### **The Foreign Board Members**

Different nationalities are another important part of the diversity on the Boards of Directors. As previously mentioned the share of foreign Board Members by the end of 2013 was 18 %. This is an increase by one percent compared to 2012.

The foreigners are from the following regions: 42 % are from the Nordic countries, 45 % are from Western Europe outside the Nordics, 9 % are from the Americas, 2 % are from Asia, 1 % is from Eastern Europe while 0.2 % is from the Middle East or Africa.

The foreign Board Members who retired during 2013 were from the following regions: 46 % from the Nordic countries, 43 % from Western Europe outside the Nordics, 8 % were from the Americas, 1 % from Asia, 0.7 % from Eastern Europe and 0.2 % was from the Middle East or Africa.

The **Business Sectors** with the largest share of foreign Board Members are "Transportation" and "Wholesale and Retail" both with 22 %, "Manufacturing" with 20 % and "Hotels and Restaurants" with another 20 %.

The smallest share of foreigners is in "Agriculture and Forestry, Fishing and Raw Materials" with 4 %, "Construction" with 8 % and "Finance" with 9 %.



## Alexander Hughes Denmark Management survey

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By **Regions** the largest share of foreigners is in the Greater Copenhagen area with 24 % and the Zealand Region with 19 %. The smallest share of foreign Board Members is in Funen and in Southern Jutland both with 12 % and in Northern Jutland with 13 %.

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