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Why Don't More Salespeople Become CEOs?

Pipedrive Research 2020 Report based on the CEOs of the FTSE 100

Why are most of Britain's top CEOs lacking significant sales experience?

Research on the career trajectories of FTSE 100 CEOs reveals it's rare that a head of a major British company has an established history in sales.

The analysis - carried out by Sales CRM platform, [Pipedrive](#) - revealed that of the FTSE 100 CEOs (as of February 20th 2020), just four: Brendan Horgan, CEO of Ashtead Group PLC; Marco Gobbetti, CEO of Burberry Group PLC; Steve Rowe, CEO of Marks & Spencer Group PLC and Roland Diggelmann, CEO of Smith and Nephew PLC have significant sales¹ experience.

With such a small percentage of FTSE 100 CEOs boasting a background in sales, it raises the question: why aren't there more? Sales is an integral part of any business. If a business has no one buying - it simply doesn't exist. So it is perhaps surprising that this key specialism is not more widely shared amongst the top CEOs in the country.

A common assertion as to why there aren't more top CEOs with this experience could be due to the unpalatable archetypal salesperson. The atypical brash, untrustworthy person who talks at you and simply refuses to hear that you're not interested is a widely held perception of salespeople. It is likely that this stereotype influences many ambitious individuals to steer clear of the profession, no matter how important the sales function is within a company

However, while this cliché exists for a reason, a growing number of salespeople step away from this and understand their job is to be a consultant: find out what a customer needs and demonstrate the value of a product or service to them. These salespeople view themselves as problem-solving partners, as opposed to selling invaluable products to their customers.

According to Richard Hagberg², a consulting psychologist focused on leadership development, sales people are skilled at both tactical and strategic sales processes.

The tactical activities focus on execution and detail: analysis of territories, generating and qualifying leads, moving leads through the pipeline, closing deals, and managing existing customers. And the strategic side of sales includes: understanding customer needs and requirements, improving the hiring process, sales and skill training and development coaching, motivation and compensation systems and measurement systems and metrics. Strategic and tactical sales mastery requires skill sets, practices, mindsets and habits that would be invaluable for a CEO to possess even if many salespeople don't aspire to become a CEO. These skills - during this highly unusual economic freefall - have never been so important. At a time when many companies find it difficult to garner any new sales, those companies that focus on supporting their current customers will set themselves up for long-term success.

¹ See the methodology section for a definition of "significant experience" and of the various functional areas the research examined

² <https://www.hagbergconsulting.com>

The pathway to becoming CEO

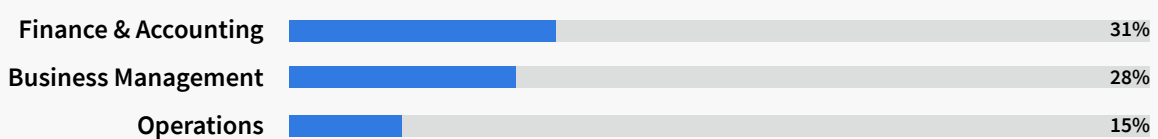
The research from Pipedrive underlines that while there are a real variety of routes to the C-suite, there are some similar journeys worth noting. Analysis shows that many of the UK's top CEOs tend to have deep experience predominantly in the industry in which their company specialises. A good example of this is the Group Chief Executive of Lloyds Banking Group PLC, António Horta-Osório, who held a career largely in banking prior to becoming CEO. Another route is candidates specialising in roles that combine more than one function, for example: business management and operations; finance and legal; business development and marketing.

An interesting pattern also noted in the research is that while the responsibilities and scope of work of future CEOs expand over the course of their careers, giving them the breadth of understanding to sit at the top, the functional areas tend to narrow the closer they get to the C-suite.

Overall, it is common that while an individual may narrow their focus in the second half of their career, at the beginning they will hold a variety of positions spanning the breadth of a business.

The research also shows that there are two key factors that seem to have a greater influence than functional expertise on who gets the top job in FTSE 100 companies. One is industry experience; this is especially true in industries such as financial services, mining, retail, oil and gas, healthcare, and technology. The other is tenure; the majority of the CEOs from the UK's top 100 businesses have spent most of their career at the companies they now lead. Some never left, for example Steve Rowe of Marks and Spencer Group plc started out at the company more than 25 years ago, ascending through a variety of roles within store management. Below details the functional areas in which FTSE 100 CEOs have the most significant experience:

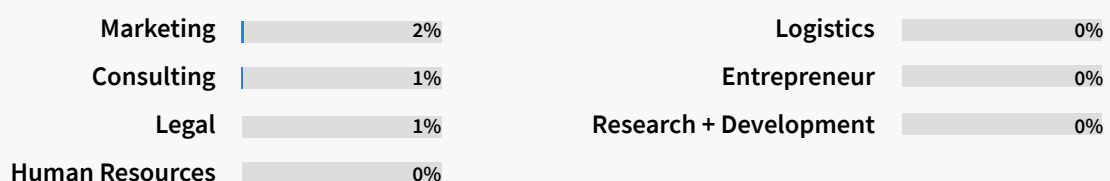
Below details the functional areas in which FTSE 100 CEOs have the most significant experience:



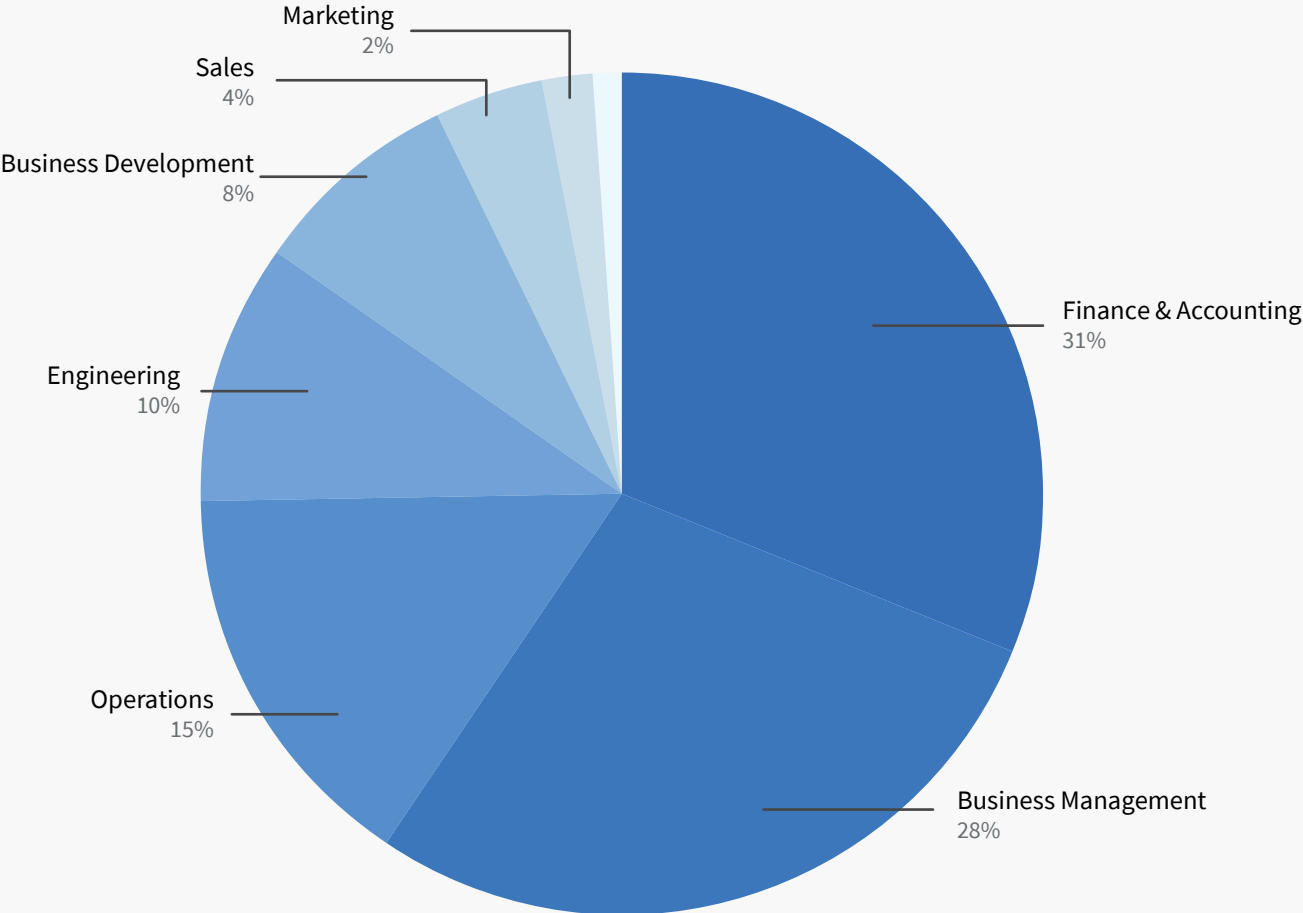
The next most common are:



At the bottom of the list are:



Most Significant Experience by Functional Area of Current FTSE 100 CEOs



From sales to the C-suite: Four FTSE 100 CEO's pathways

A closer look at the four FTSE 100 CEOs with significant experience in sales provides insight into the ladder they climbed to hold the most senior position in the business:

Brendan Horgan (Ashtead Group PLC)

began his career as a Sales Representative for Sunbelt Rentals in 1996. He has remained with the company for 24 years where he quickly progressed through roles as Branch Manager (1997), District Manager (1998) and Regional Vice President (2000). From here he took on executive roles as Executive Vice President (2003) and then began moving to the board as Chief Operations Officer and Chief Sales Officer (2004). In 2011, Horgan was assigned the role of CEO of Sunbelt which he performed until 2019 when he became CEO of Ashtead Group PLC. In January 2016 it was announced that Steve was being promoted to Chief Executive Officer, and he assumed his role on 2 April 2016.

Roland Diggelmann (Smith and Nephew PLC)

who has extensive experience in roles across the medical manufacturing sector. He has previously held roles as Manager-Strategic Planning (1995) at Sulzer AG and Director Strategic Planning & Marketing (1997) at Sulzer Orthopedics Ltd. At Sulzer he was promoted to Executive VP Strategic Planning & Marketing (1991), Executive VP Sales Asia Pacific (2001), Executive VP Sales Europe and Asia Pacific (2002). He then held roles at ZimmerGmbH as Managing Director (2004) and Senior VP Sales/Distribution EMEA and Managing Director (2006).

Marco Gobbetti (CEO of Burberry Group PLC)

began as a Marketing and Sales Director for Italian luxury label Bottega Veneta in 1984. From here, he progressed to Managing Director of Valextra in 1989. Later, Gobbetti took on executive roles as Chief Executive at Moschino (1993), Givenchy (2004), and Céline (2008). In 2017, Gobbetti became CEO of Burberry.

Steve Rowe (Marks & Spencer Group PLC)

joined Marks & Spencer in 1989 where he progressed in a variety of roles within store management. He joined the office in 1992 as a Merchandiser for menswear, working across all areas of the Group. In 1998 he became Category Manager in the furniture department and was appointed Head of Home Categories in 2003, going on to become Director of Home in 2004. In 2008, Diggelmann joined Roche as Head Region Asia Pacific and was promoted to Chief Operating Officer in 2012. Diggelman was promoted to CEO in 2019.

Famous CEOs with experience in sales

The value of sales experience for a CEO shouldn't be underestimated. One major example that illustrates this is business magnate Richard Branson. Famous for his entrepreneurial approach, Branson began his career with a failed attempt at growing and selling Christmas trees and budgerigars (a small parakeet).

From here, Branson was able to move onto more successful ventures with his magazine Student and his now-famous business Virgin Records, which became the first building block in his business empire. Today, this constitutes Virgin Atlantic, Virgin Trains, Virgin Mobile, Virgin Media and more. Branson is famous for his attitude towards failure with several of his ventures not reaching the success of his other outings: such as Virgin Cola, Virgin Cars, Virgin Publishing, Virgin Clothing and Virgin Brides.

Branson has said: "I suppose the secret to bouncing back is not only to be unafraid of failures but to use them as motivational and learning tools. ... There's nothing wrong with making mistakes as long as you don't make the same ones over and over again."³ This is not to encourage taking unnecessary risks but to highlight the value of making mistakes and taking it in your stride as this inevitably happens. This attitude of taking managed risks and constantly seeking out learning opportunities is not only an integral aspect of what makes a good salesperson, but is also a great quality of a CEO.



Famed entrepreneur, Lord Alan Sugar similarly began his career with sales experience. After leaving school at the sixteen, he worked briefly for the civil service as a statistician at the Ministry of Education, but soon channeled his entrepreneurial instincts towards his first business selling radio aerials for cars and other electrical goods out of a van. Today, Sugar is famed for the tasks he poses contestants on *The Apprentice* where he challenges and evaluates their sales skills. Sugar made his fortune running Amstrad - a consumer electronics company - through the 70s and 80s where his sales acumen helped him stay ahead of market trends.

The Baroness Michelle Mone likewise started her career in sales becoming the youngest ever Head of Sales and Marketing for Labatts Brewers at the age of 22. Although she was eventually made redundant by Labatts Brewers, she went on to set up her own business, Ultimo. Since establishing Ultimo in 1996, Mone has been awarded an OBE for her outstanding contribution to business by Her Majesty the Queen in 2010. In 2015, Downing Street announced her elevation to the peerage, and in the same year she was introduced in the House of Lords.

Due to her extensive business knowledge, she was appointed to conduct a two part government review for the PM David Cameron on business start-ups in deprived areas. Likewise, Greek-Cypriot-British entrepreneur Theo Paphitis has a sales background. Before his fame on *Dragon's Den* and ventures into stationary and later hardware, Paphitis worked as a sales assistant for Watches of Switzerland in Bond Street.

From there, he progressed to selling commercial mortgages at Legal & General and in his early twenties established his own property-finance company, enjoying success in the commercial property markets. He later ventured into mobile telephones before his current ownership of Rymans, Robert Dyas and Boux Avenue. Today Paphitis has a reputation for turning failed companies into highly successful and profitable businesses.

British-Pakistani entrepreneur, and fellow 'Dragon', James Caan has a similar story starting in sales. Deciding to find his own way, rather than taking a role in his father's clothing company on Brick Lane, Caan went to a recruitment agency. However, having left school with no formal qualifications or money to start a business, he found himself drawn to door-to-door sales. From here, he took several roles at recruitment companies, started a boutique fashion shop with his wife and then set up his own company, Alexander Mann. Like Branson the success of Caan and Paphitis speaks to the importance of the entrepreneurial mindset, with much of this coming from sales experience.

3 Branson, Richard (2013). *Like a Virgin*. Great Britain: Virgin Books. p. 62.

Conclusion

The report makes it evident that great salespeople possess many qualities required to become great CEOs. Despite the impact of the stereotypical ‘wheeler-dealer’ salesperson steering some professionals away from the specialism on their ascent to the top, the number of famed British entrepreneurs and business people with a heavy sales background underlines the importance of the attributes and skills held by salespeople in the making of a successful leader.

While only 3% of Britain’s leading businesses (as hallmarked by their inclusion in the FTSE 100) have CEOs with significant sales experience, with talented sales people disproving the negative sales stereotypes through intelligent and transparent practices alongside high-profile business professionals promoting the value of the specialism, we can hope to see this number increase.



Methodology

Pulling the FTSE 100 as live on 20th February 2020, Pipedrive conducted an analysis of the career trajectories of CEOs of FTSE 100 companies. The FTSE 100 is the Financial Times Stock Exchange (FTSE) 100 Index. It is essentially a list of the 100 largest companies listed on the London Stock Exchange, measured by market capitalisation.

The purpose of the research was to identify the functional area where each CEO has the most “significant experience.” For purposes of the study, significant experience was determined by examining a variety of quantitative and qualitative factors, including: length of time spent in the function; the timing of a person’s tenure in the function, with greater consideration being given to functional experience early (first job) or late in a person’s career (immediately before being named CEO); and whether the person worked in the function in a company known for excellence in that area.

The functional areas, their descriptions, and subcategories represented in the research are (in alphabetical order):

Business Development: develop and execute on strategic opportunities for an organisation, such as cultivating partnerships and other business relationships and identifying new markets, to create long-term value. Sub-categories: partnerships, alliances, joint ventures, go-to-market

Business Management: plan, organise, lead, and direct an organisation’s resources so goals and objectives are met efficiently and effectively
Sub-categories: business administration, project management

Consulting: help organisations solve problems and take advantage of opportunities by providing expert advice or skills and extra resources to accelerate progress
Sub-categories: strategic, management, technology (software development, data analysis), IT, product development

Engineering: apply scientific knowledge and experience to design and build solutions to real-world problems
Sub-categories: design, quality, hardware, software, manufacturing, product management, product marketing

Finance & Accounting: develop strategies and processes for effectively acquiring and using money for commercial purposes; record, summarise, report, and audit financial information for business performance and compliance
Sub-categories: strategic planning and analysis; treasury; risk management; corporate strategy; accounting; auditing; tax and compliance

Entrepreneur: design launch, and run a new business
Sub-category: founder

Human Resources: design policies and processes for recruiting, performance management, compensation and benefits, employee development, labor relations, and organisational development

Sub-categories: strategy and planning; recruiting; compensation and benefits; training and development; industrial relations; health and well-being

Information Technology: analyse, design, modify, and support an organisation's technology infrastructure

Sub-categories: systems administration; network management; application administration; data management; security

Legal: advise an organisation on legal issues (rights, responsibilities, and obligations) related to its activities; negotiate, draft and review contracts and other agreements; represent the organisation in legal disputes

Sub-categories: general counsel, M&A, contracts, employment and labor, intellectual property

Marketing: identify and source potentially successful products and services, position and promote them in the market, build the organisation's brand and create great customer connections and experiences

Sub-categories: market research, market development, distribution, channels, pricing, product marketing, public relations, promotion

Operations: design and implement the processes necessary to produce the right amount of a product or service, at the right time, and of the right quality and cost to meet customer demand and requirements

Sub-categories: asset management, manufacturing, supply chain, logistics

Research + Development: explore, design, innovate, develop, and improve an organisation's products and services

Sub-categories: design and development, product development, product management

Sales: identify potential new customers, build relationships, consult with and advise customers, close deals

Sub-categories: sales management, sales operations

About Pipedrive Research

Pipedrive's research organisation conducts interviews with sales professionals across the globe and performs analyses of relevant data with the goal of better understanding the evolving craft of sales. With hundreds of thousands of salespeople in our survey panel, Pipedrive draws quantitative insights on issues and trends facing individual sales professionals and sales managers. Pipedrive conducts more than 10,000 qualitative interactions with professional salespeople every year. In those interactions, key issues are highlighted by sales professionals.

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About Pipedrive

Founded in 2010, Pipedrive is the first CRM platform developed from the salesperson's point of view. Used by sales teams at more than 90,000 companies worldwide, Pipedrive is the top-rated CRM. The company has offices in New York; London; Lisbon; Prague; Dublin; Riga; Tampa/St. Pete; Tallinn and Tartu, Estonia. Learn more at [Pipedrive.com](https://www.pipedrive.com).