



# 8th DAX Management Board Report

DAX Board  
Members' Profiles  
from 2005 to 2019

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# I. Purpose and objective of the study

In many respects, the management boards of DAX companies are role models and benchmarks for all managers, whether in terms of internationality, diversity or salary development.

They all face major challenges: existing processes and laws are radically questioned, new business models with new opportunities as well as new risks emerge virtually daily. Decisions have to be made more rapidly and frequently while the management of the relevant stakeholders is becoming increasingly complex.

As a result, profiles and competencies of top executives are put under the loop in order to secure the long-term success through proper leadership of large German companies.

The goal of our survey, which we have now conducted for the eighth time, is to analyze the individual backgrounds and career paths, as well as the remuneration of management board members of companies listed in the German DAX Share Index and to share developments over the past few years.



## II. Executive Summary



## II. Executive Summary



1

Disruption and drastic economic changes are reflected only slowly in the career-paths of the DAX 30 board members. Although the executive committees are increasingly female and more international, **traditional career models** still dominate the companies.



2

The **average age** of the DAX executive board members has remained virtually unchanged (53 years) since 2005, when our study began. Only female and new executive board members are slightly younger at 51 and 50, respectively. However, there is no visible trend that the average age will drop.



3

Although the proportion of **female board members** has risen significantly since 2005, in recent years it has stagnated at 14 percent. To this day there are still eight executive committees without women. Nevertheless 60 percent of women are now responsible for business divisions, regions or finance departments.



4

After years of stagnation, the executive committees of the DAX are finally more **international**. More than a third of the board members are from non-German origin. If one looks at the owner-influenced companies, they even have a foreign share of 43 percent.



## II. Executive Summary



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When it comes to their **educational background**, the DAX board members are becoming increasingly similar: almost 60 percent of them have studied economics. Engineering and law, on the other hand, have clearly lost ground in recent years. Computer science plays practically no role as a course of study.



6

The importance of **doctoral studies** has declined sharply. In 2019, 34 percent of the members of the executive boards had a doctorate, compared with more than half in 2005. By contrast, the MBA has increased by the same amount. 17 percent of board members have completed such an additional degree.



7

The majority of CEOs in the DAX continue to come from **general management**. However, the importance of successfully managing a subsidiary or national company when appointing a CEO has declined from 76 percent to 53 percent in the last 15 years.



8

DAX board members have little time to hold **parallel supervisory board mandates**. Over the past 15 years, the number of mandates has declined from an average of five to two. In fact, the management board members that were appointed in 2019 only hold a maximum of one parallel mandate.



## II. Executive Summary



9

The corporate background remains an important factor for the position of CEO: 80 percent are recruited internally. In 2019 the average time a member of the executive board had spent in the company prior to his/ her promotion is 12 years – which emphasizes internal growth.



10

Despite disruptive times, **industry knowledge** is a must for CEOs and CFOs. 83 percent of DAX CEOs come from the same industry. The vast majority of CFOs also come from companies within the same industry: 77 percent of CFOs are currently industry insiders.



11

**Chief Human Resources Officers** in DAX companies are mostly German and more often female: only 25 percent of CHROs are foreigners, but the proportion of women amongst them is above average at 50 percent. In addition, CHROs are more often hired from outside the company than other management board members.



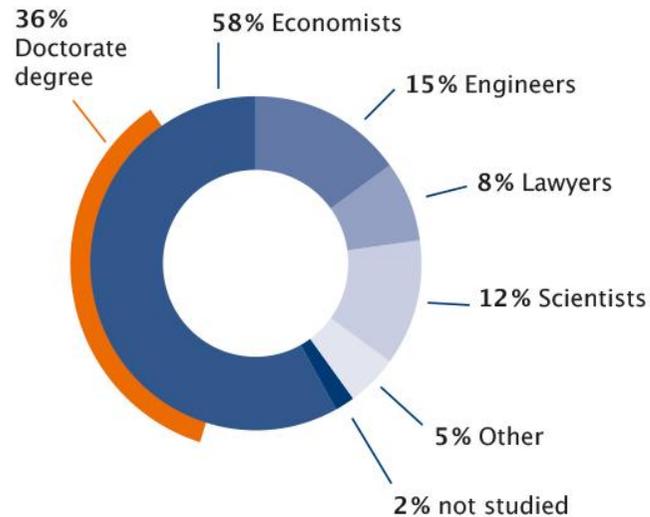
12

DAX board members earned an average of EUR 3.6 million in 2018, slightly less than the previous year. The slight decline in **remuneration** is mainly due to the lower salaries of CFOs, for whom fewer stock option plans were paid out this year.

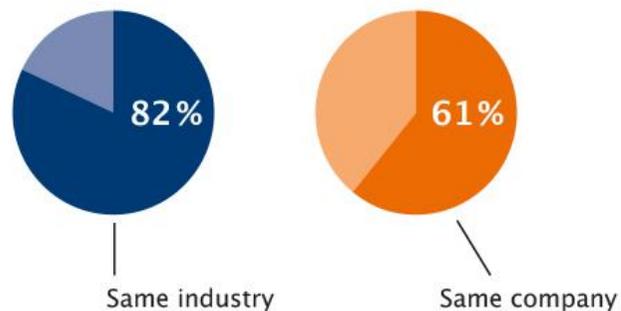


# II. Executive summary

A man on the board of DAX 30 has almost always **an academic but rarely a doctorate degree.**



He almost always comes from **the same industry**, but **not necessarily from the same company.**

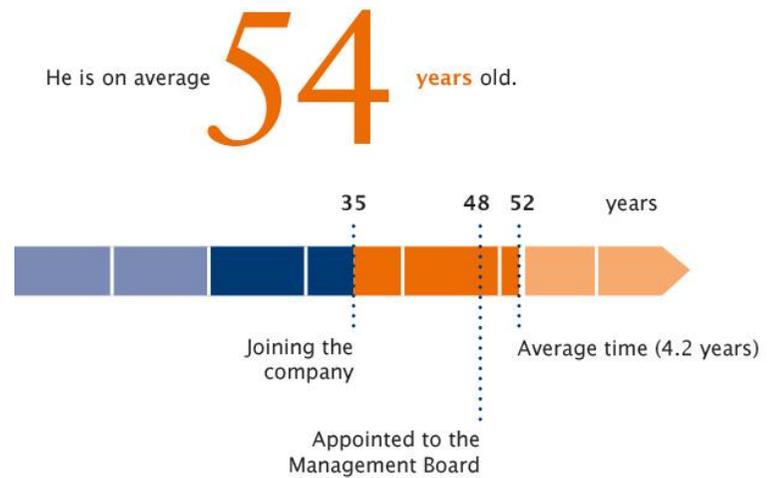


He has a maximum of **3** **supervisory board mandates** (internally and externally).



He is likely to be **German.**

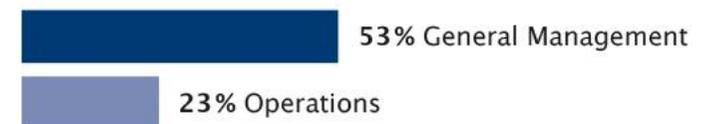
**68%**



He has on **average 5 board colleagues.**



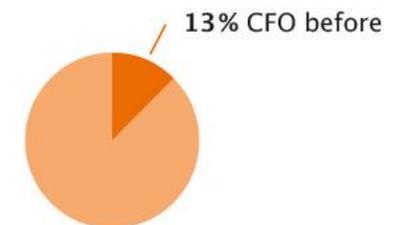
A DAX 30 CEO was a **General Manager** or was **responsible for Operations** in the past



A DAX 30 CEO is always **male...**

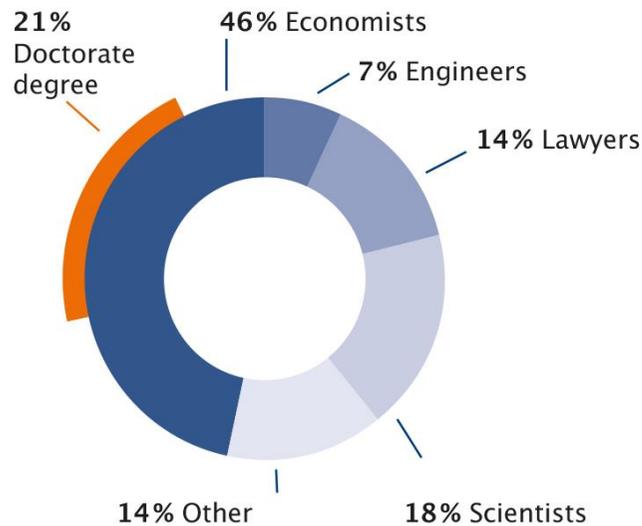


...and rarely has **a finance background**

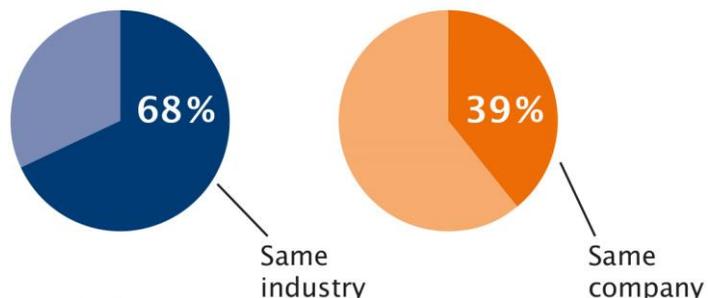


# II. Executive summary

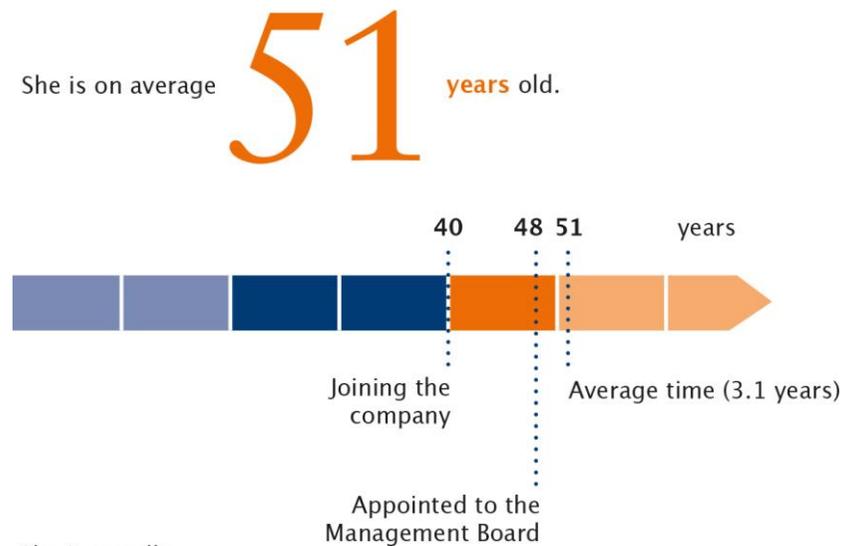
A woman on the board of DAX 30 has always **an academic but rarely a doctorate degree.**



She almost always comes **from the same industry**, but **not necessarily from the same company.**



She has **1** **supervisory board mandate** (internally and externally).



She is usually **non-German.**

**54%**

She is mostly **responsible for Operations**



She earns **327,000 € less** than a male colleague.



# III. Commentary



# III. Commentary



**Klaus Hansen**  
Partner

Brexit, the trade war between the USA and China, the Russian embargo and the threat of recession - German companies are currently not lacking in challenges. Moreover, the digital transformation is in full swing: traditional business models are being massively questioned, industry boundaries are diffusing, and ecosystems are in demand. The once bold marketing slogan "nothing is impossible" is suddenly the order of the day.

## Traditional career models dominate...

Which is the reason for the astonishing calm and continuity that prevails in boardrooms of the largest German companies. The patterns of behaviour in the boardrooms of DAX companies has not changed significantly in the last 15 years. When appointed, one is 47 to 48 years old, later on average 53 years old and remains in office for around four years. In addition, CEOs and CFOs in particular were previously active in the same company for many years and was this not the case, then in the same industry. Is this continuity the seal of approval for a stable, proven management culture or rather an expression of a lack of further development in the management of top German companies?

## ... but there are new developments

A closer look shows that not everything is as stable and traditional in 2019 as it appears at first. There is, for example, the number of executive board members in the DAX, which has been rising continuously for years. This is a positive aspect as it allows the increasing complexity and density of decisions to be spread over more shoulders. The CEO is relieved of the workload and can focus more on strategic issues. Furthermore having more members in the executive board is helpful since the number of "unscheduled" departures from the committees exceeds the planned number again this year.



# III. Commentary

It is not surprising that more and more economists are moving into the top echelons, lawyers are slowly dying out, and in turn today's business economists are trained more in case studies than in theoretical teaching. Logical, structured thinking is always assumed, and thinking in scenarios and learning from best practices has finally taken precedence over pure theory. This is also reflected in the steadily decreasing number of doctorates on the board.

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**"It would be desirable for diversity to include not only gender or skin colour, but also what is in people's minds."**

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## **More courage is needed to attain true diversity**

What is surprising is the lack of courage to think "out-of-the-box" when it comes to appointing new Executive Board Members. Even though the convergence of industries is visible to the naked eye and we are only at the beginning of a complete revolution, 80 percent of board members still come from the same industry and thus from familiar terrain.

It would be desirable for diversity to include not only to gender or skin colour, but also to what is in people's minds. The 20 percent of lateral entrants today is a beginning, but nothing more.

Apropos diversity: after initially strong growth figures in recent years, the proportion of women seems to be approaching the 15 percent line asymptotically. Has the end of the line been reached? Hopefully not. It is at least pleasing to note that women board members are increasingly assuming a leading role in operational areas and are no longer only responsible for the "women's departments" of HR, Legal, Compliance and Purchasing.



# III. Commentary

## The boardrooms are finally more international

It is pleasing to note that the proportion of foreigners on the DAX board has risen sharply in the last two years and currently stands at 35 percent. Approximately half of the foreign board members come from other European countries and one fifth from the USA. Of the 30 current CEOs, seven are of non-German origin (23 percent). However, there is still room for improvement here. By way of comparison, more than a third of the CEOs in the FTSE 100 in Great Britain are of non-British origin. It has been recognised that the increasing diversity of cultures opens up valuable skills and the necessary new perspectives for companies.

The 30 DAX companies are subject to a special public scrutiny. It would be for their benefit to gather courage, realize it is not an end in itself and make changes based on their own conviction.



# IV. Survey methodology



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- The cvs of all members of the DAX Management Board for the years 2005, 2009 and 2013 to 2019 were analysed as of September 30. For reasons of better readability, the charts show the years 2005, 2009, 2013, 2017 and 2019.
- Since 2015 the special features of HR directors and the remuneration of all DAX directors have also been examined.
- In the years analysed, the DAX Executive Board comprised the following numbers of members:
  - 2005: 192
  - 2009: 193
  - 2013: 188
  - 2017: 201
  - 2019: 196
  - Newly appointed in 2019: 28, Left: 25.
- The sources included data from Odgers Berndtson, the annual or compensation reports for the periods under review, as well as publicly available information obtained from the Internet and online archives, in some cases also from the press departments of the companies.





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