

ACTIVIST INVESTORS

Decapitated by Activists: The Collapse of CEO Tenure and How to Fight Back

*Activist campaigns are driving record CEO turnover.
How chief executives can get ahead of the coup.*

BY MARK THOMPSON



As a CEO coach, I've witnessed many times when activists have orchestrated the ousting of a chief executive, often with a board that is anything but surprised. Behind closed doors, I've had many directors tell me they quietly agreed with a transition. These activist investors secretly strike terror in the hearts of boards and CEOs, seeking to profit quickly by buying stakes in companies to influence management and strategic decisions. Their goal is to unlock shareholder value that the activists claim is trapped — by complaining loudly in public about their point of view. They often push for what companies see as radical change:

leadership shake-ups, operational overhauls, financial engineering, or strategic pivots they insist will capture that “hidden” value.

And I've seen things escalate quickly. If the idea of a sudden, bloody purge at the top of a company — a decapitation, French Revolution-style — gains traction with vocal investors, then a coup can quickly follow. This can disrupt, or even brutally accelerate, a succession process that you thought you were managing. And it doesn't take billions to derail a peaceful transition, either.

Activists who want to shake up a company's leadership often escalate to a proxy fight — and they don't need a mountain of shares to start the brawl. Take Engine, a relatively small activist hedge fund that held only a 0.02% stake in ExxonMobil, but still launched a campaign and walked away with three seats on the board. That sent a chilling message to every CEO in America: if they can do that to Exxon, they can do it to anyone.

DIRECTORS, BEWARE

And to be fair, while activists' actions can be tragic or at least deeply painful, they're not always pointless. If a company follows some of their demands, it can sometimes accelerate long-overdue change and win a burst of investor support that pushes the share price higher — at least for a while. But overall, the CEOs we coach do not see activism as a positive trend, because activists usually cash out quickly after getting involved and are rarely committed to the company's long-term future. As one director told Byron Loflin, Global

Head of Board Advisory at Nasdaq, my co-author of *CEO Ready*, it “felt like management was getting an excessively bad report card for its stewardship of the company without meaningful support” in building a stronger organization for all shareholders.

“It felt like management was getting an excessively bad report card for its stewardship of the company.”

— A BOARD DIRECTOR

Activists attend investor days and analyst meetings and behave like Wall Street's gadfly social-media influencers — armed not just with proxies and PowerPoints, but with punishing memes, as seen with Nelson Peltz and his campaign against The Walt Disney Company. Peltz's firm, Trian Partners, blasted Disney's strategy, streaming losses, and repeated failures in CEO succession, campaigning for board seats under the “Restore the Magic” banner.

Disney shareholders ultimately backed the company's slate of directors

and rejected Peltz's nominees by a wide margin, effectively ending the proxy fight and leaving CEO Bob Iger in place — but the poignant call for change landed, and things were never the same. Within months, the board drafted in Morgan Stanley veteran James Gorman and handed him the reins of the CEO succession committee to assure no further episodes of a boomerang CEO, promising investors that Iger's succession was imminent early in the new year.

Directors should take note. What you might dismiss as bullying from a one-off greedy activist orchestrating an exceptional coup is now the new normal: activist campaigns are driving record CEO turnover. That first annoying text from an activist can raise a chief executive's odds of getting the boot from a long-shot 5% chance just five years ago to nearly one in five today. And if you run a mega-brand like Unilever, where activists hunt most aggressively, the odds of CEO decapitation are even higher: more than 40%.

0.02%

Engine's stake in **ExxonMobil** — enough to win three board seats.

1 in 5

A CEO's odds of being ousted today, up from 5% five years ago.

40%+

Odds of CEO decapitation at mega-brands like **Unilever**.

Just this year, Unilever stunned investors by ousting CEO Hein Schumacher less than two years into the job — one of this year's many high-profile decapitations. The board, long under pressure from that self-same activist kingmaker, Nelson Peltz, finally pulled the trigger. Board members confided that the decision was ultimately driven by simmering impatience with the pace of Unilever's turnaround, incessantly stoked by Peltz and Trian, which had built a significant stake and pushed for sweeping changes for almost three years.

“The boss of a public board is not the investor — it is the activist shareholders.”

— RAM CHARAN

Former Medtronic CEO Bill George and Jay Lorsch, both on the faculty at Harvard Business School, argue in *Harvard Business Review* that activists' initiatives can weaken a company's competitive position in pursuit of short-term gains, to the detriment of long-term shareholders, and that the high-leverage financing structures they often push may put companies in jeopardy in the next downturn. Nevertheless, Ram Char-

an insists on the growing reality that every CEO candidate must face: “the boss of a public board is not the investor, it is the activist shareholders.” They “evaluate every company and find the gap where they can enter. They drive it!” Charan, the world-renowned leadership adviser, emphasized to me that “they almost always get some support from investors to unseat [leaders] and to make the board change. People must come to terms that when these activist shareholders pounce — you'd better pay attention to them. Listen to them. Because investors will collaborate with them.”

WRITE YOUR OWN ACTIVIST LETTER BEFORE THE ACTIVIST DOES

Michelle Seitz, former CEO of the \$1.2 trillion-advised Russell Investments, suggests an exercise: “If I were to write an activist letter, what would I say? And what would my response be as CEO? That's managing the risk of your business.” To do as Seitz suggests, think of ways you might spike short-term shareholder value if you were the activist. Then be ready to walk into your board with a plan for how you would deliver similar results your-

self — but in a more thoughtful way that benefits investors with both a short-term focus and a long-term stake.

Seitz adds, “Whenever I get called to come on to even very prestigious boards ... because they have an activist and they want someone on the board to deal with them, my answer is, ‘It may already be too late.’” It's no fun parachuting in to mediate a fight that should have been preempted years earlier rather than a defensive response that smacks of complacency.

Her prescription is something I practice frequently with CEOs preemptively: write an aggressive, well-articulated vision for how you will transform the company even faster next year — a sort of new year's resolution, an urgent red-team exercise to escalate clear milestones and deliverables no matter how successful you think you've been this year. That's the bold message that will keep your investors and team ruthlessly focused — before the activists show up with their own script for your decapitation. ■

Inspired by CEO Ready: What You Need to Know to Earn the Job — and Keep the Job, published by Harvard Business Review Press (Nov. 25, 2025), co-authored by Mark Thompson and Nasdaq Global Head of Board Advisory Byron Loflin.

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Mark Thompson & Byron Loflin are executive and board advisors and co-authors of *CEO Ready: What You Need to Know to Earn the Job — and Keep the Job*. Scan to find the book.