

Occupational Outlook: Top Executives

Significant Points

- Keen competition is expected because the prestige and high pay attract a large number of qualified applicants.
- Top executives are among the highest paid workers; however, long hours, considerable travel, and intense pressure to succeed are common.
- The formal education and experience of top executives vary as widely as the nature of their responsibilities.

Nature of the Work

All organizations have specific goals and objectives that they strive to meet. Top executives devise strategies and formulate policies to ensure that these objectives are met. Although they have a wide range of titles—such as chief executive officer, chief operating officer, board chair, president, vice president, school superintendent, county administrator, or tax commissioner—all formulate policies and direct the operations of businesses and corporations, public sector organizations, nonprofit institutions, and other organizations.

A corporation's goals and policies are established by the *chief executive officer* in collaboration with other top executives, who are overseen by a board of directors. In a large corporation, the chief executive officer meets frequently with subordinate executives to ensure that operations are conducted in accordance with these policies. The chief executive officer of a corporation retains overall accountability; however, a *chief operating officer* may be delegated several responsibilities, including the authority to oversee executives who direct the activities of various departments and implement the organization's policies on a day-to-day basis. In publicly held and nonprofit corporations, the board of directors ultimately is accountable for the success or failure of the enterprise, and the chief executive officer reports to the board.

The nature of other high-level executives' responsibilities depends on the size of the organization. In large organizations, the duties of such executives are highly specialized. Some managers, for instance, are responsible for the overall performance of one aspect of the organization, such as manufacturing, marketing, sales, purchasing, finance, personnel, training, administrative services, computer and information systems, property management, transportation, or legal services. (Some of these and other management occupations are discussed elsewhere in this section of the *Handbook*.)

In smaller organizations, such as independent retail stores or small manufacturers, a partner, owner, or general manager often is responsible for purchasing, hiring, training, quality control, and day-to-day supervisory duties.

Chief financial officers direct the organization's financial goals, objectives, and budgets. They oversee the investment of funds and manage associated risks, supervise cash management activities, execute capital-raising strategies to support a firm's expansion, and deal with mergers and acquisitions.

Chief information officers are responsible for the overall technological direction of their organizations. They are increasingly involved in the strategic business plan of a firm as part of the executive team. To perform effectively, they also need knowledge of administrative procedures, such as budgeting, hiring, and supervision. These managers propose budgets for projects and programs and make decisions on staff training and equipment purchases. They hire and assign computer specialists, information technology workers, and support personnel to carry out specific parts of the projects. They supervise the work of these employees, review their output, and establish administrative procedures and policies. Chief information officers also provide organizations with the vision to master information technology as a competitive tool.

Chief executives have overall responsibility for the operation of their organizations. Working with executive staff, they set goals and arrange programs to attain these goals. Executives also appoint department heads, who manage the employees who carry out programs. Chief executives also oversee budgets and ensure that resources are used properly and that programs are carried out as planned.

Chief executive officers carry out a number of other important functions, such as meeting with staff and board members to determine the level of support for proposed programs. In addition, they often nominate citizens to boards and commissions, encourage business investment, and promote economic development in their communities. To do all of these varied tasks effectively, chief executives rely on a staff of highly skilled personnel. Executives who control small companies, however, often do this work by themselves.

General and operations managers plan, direct, or coordinate the operations of companies or public and private sector organizations. Their duties include formulating policies, managing daily operations, and planning the use of materials and human resources, but are too diverse and general in nature to be classified in any one area of management or administration, such as personnel, purchasing, or administrative services. In some organizations, the duties of general and operations managers may overlap the duties of chief executive officers.

In addition to being responsible for the operational success of a company, top executives also are increasingly being held accountable for the accuracy of their financial reporting, particularly among publicly traded companies. For example, recently enacted legislation contains provisions for corporate governance, internal control, and financial reporting.

Working Conditions

Top executives typically have spacious offices and numerous support staff. General managers in large firms or nonprofit organizations usually have comfortable offices close to those of the top executives to whom they report. Long hours, including evenings and weekends, are standard for most top executives and general managers, although their schedules may be flexible.

Substantial travel between international, national, regional, and local offices to monitor operations and meet with customers, staff, and other executives often is required of managers and executives. Many managers and executives also attend meetings and conferences sponsored by various associations. The conferences provide an opportunity to meet with prospective donors, customers, contractors, or government officials and allow managers and executives to keep abreast of technological and managerial innovations.

In large organizations, job transfers between local offices or subsidiaries are common for persons on the executive career track. Top executives are under intense pressure to succeed; depending on the organization, this may mean earning higher profits, providing better service, or attaining

fundraising and charitable goals. Executives in charge of poorly performing organizations or departments usually find their jobs in jeopardy.

Training, Other Qualifications, and Advancement

The formal education and experience of top executives vary as widely as the nature of their responsibilities. Many top executives have a bachelor's or higher degree in business administration or liberal arts. College presidents typically have a doctorate in the field in which they originally taught, and school superintendents often have a master's degree in education administration. A brokerage office manager needs a strong background in securities and finance, and department store executives generally have extensive experience in retail trade.

Some top executives in the public sector have a background in public administration or liberal arts. Others might have a background related to their jobs. For example, a health commissioner might have a graduate degree in health services administration or business administration.

Many top executive positions are filled from within the organization by promoting experienced, lower-level managers when an opening occurs. In industries such as retail trade or transportation, for instance, it is possible for individuals without a college degree to work their way up within the company and become managers. However, many companies prefer that their top executives have specialized backgrounds and, therefore, hire individuals who have been managers in other organizations.

Top executives must have highly developed personal skills. An analytical mind able to quickly assess large amounts of information and data is very important, as is the ability to consider and evaluate the relationships between numerous factors. Top executives also must be able to communicate clearly and persuasively. Other qualities critical for managerial success include leadership, self-confidence, motivation, decisiveness, flexibility, sound business judgment, and determination.

Advancement may be accelerated by participation in company training programs that impart a broader knowledge of company policy and operations. Managers also can help their careers by becoming familiar with the latest developments in management techniques at national or local training programs sponsored by various industry and trade associations. Managers who have experience in a particular field, such as accounting or engineering, may attend executive development programs to facilitate their promotion to an even higher level. Participation in conferences and seminars can expand knowledge of national and international issues influencing the organization and can help the participants develop a network of useful contacts.

General managers may advance to a top executive position, such as executive vice president, in their own firm or they may take a corresponding position in another firm. They may even advance to peak corporate positions such as chief operating officer or chief executive officer. Chief executive officers often become members of the board of directors of one or more firms, typically as a director of their own firm and often as chair of its board of directors. Some top executives establish their own firms or become independent consultants.

Employment

Top executives held about 2.3 million jobs in 2004. Employment by detailed occupation was distributed as follows:

General and operations managers	1,807,000
Chief executives	444,000
Legislators	66,000

Top executives are found in every industry, but service-providing industries, including government, employ 8 out of 10.

Job Outlook

Keen competition is expected for top executive positions because the prestige and high pay attract a large number of qualified applicants. Because this is a large occupation, numerous openings will occur each year as executives transfer to other positions, start their own businesses, or retire. However, many executives who leave their jobs transfer to other executive positions, a pattern that tends to limit the number of job openings for new entrants.

Experienced managers whose accomplishments reflect strong leadership qualities and the ability to improve the efficiency or competitive position of an organization will have the best opportunities. In an increasingly global economy, experience in international economics, marketing, information systems, and knowledge of several languages also may be beneficial.

Employment of top executives—including chief executives and general and operations managers—is expected to grow about as fast as average for all occupations through 2014. Because top managers are essential to the success of any organization, their jobs are unlikely to be automated or to be eliminated through corporate restructuring—trends that are expected to adversely affect employment of lower-level managers. Projected employment growth of top executives over the 2004-14 period varies by industry. For example, employment growth is expected to be much faster than average in professional, scientific, and technical services and in administrative and support services. However, employment is projected to decline in some manufacturing industries.

Earnings

Top executives are among the highest paid workers in the U.S. economy. However, salary levels vary substantially depending on the level of managerial responsibility; length of service; and type, size, and location of the firm. For example, a top manager in a very large corporation can earn significantly more than a counterpart in a small firm.

Median annual earnings of general and operations managers in May 2004 were \$77,420. The middle 50 percent earned between \$52,420 and \$118,310. Because the specific responsibilities of general and operations managers vary significantly within industries, earnings also tend to vary considerably. Median annual earnings in the industries employing the largest numbers of general and operations managers in May 2004 were:

Computer systems design and related services	\$117,730
Management of companies and enterprises	99,670
Building equipment contractors	83,080
Depository credit intermediation	76,060

Local government

68,590

Median annual earnings of chief executives in May 2004 were \$140,350; although chief executives in some industries earned considerably more.

Salaries vary substantially by type and level of responsibilities and by industry. According to a 2005 survey by Abbott, Langer, and Associates, the median income of chief executive officers in the nonprofit sector was \$88,006 in 2005, but some of the highest paid made more than \$700,000.

In addition to salaries, total compensation often includes stock options, dividends, and other performance bonuses. The use of executive dining rooms and company aircraft and cars, expense allowances, and company-paid insurance premiums and physical examinations also are among benefits commonly enjoyed by top executives in private industry. A number of chief executive officers also are provided with company-paid club memberships and other amenities.

Related Occupations

Top executives plan, organize, direct, control, and coordinate the operations of an organization and its major departments or programs. The members of the board of directors and lower-level managers also are involved in these activities. Many other management occupations have similar responsibilities; however, they are concentrated in specific industries or are responsible for a specific department within an organization. A few examples are administrative services managers; education administrators; financial managers; food service managers; and advertising, marketing, promotions, public relations, and sales managers. Legislators oversee their staffs and help set public policies in Federal, State, and local governments.

Source: U.S. Department of Labor, Bureau of Labor Statistics