What is fair pay for a CEO?
Modern bosses need to think long-term

Captains of industry know they often won't last long in the job so push for as high a salary as possible, but how many junior doctors can they really be worth?

Harry Wallop

Published in *The Times*, July 31, 2025
https://www.thetimes.com/article/e492f63e-45c0-423d-8a75-c4e56154dafa

What is fair pay? This week, Eamonn O'Hare, the boss of a little-known telecoms company, Zegona, listed on the London Stock Exchange, was paid £1.8 million; on top of that he was paid £129 million in shares — the highest ever sum awarded to the chief executive of a UK-listed company.

Meanwhile, resident doctors have been on strike demanding an increase to their salaries, which now average £54,300, arguing their pay has failed to keep pace with inflation since 2008.

You get 2,375 doctors for every O'Hare.

To compare the pay packet of a telecoms chief executive with a doctor may seem strange. But 30 years ago this exact same contrast was being drawn after Sir Iain Vallance, the then boss of BT, was hauled in front of a parliamentary select committee. BT had been privatised for a decade and in that time the pay of the chief executive had increased in real terms by 970 per cent, with Vallance paid a total of £1.24 million, compared with £36,000 for the best paid junior doctors. Back then you got 34 doctors for every Vallance.

He pointed out that he worked a 70-hour week, adding he "would quite like a job as a junior doctor. It might be relaxing".

As you might imagine, the junior doctors of the time were about as amused by his comment as today's are when you point out their strikes are damaging the reputation of medics.

Vallance's gaffe is retold with glee by Michael Aldous and John D Turner in their enjoyable recent book, *The CEO — The Rise and Fall of Britain's Captain of Industry*.

The two are business historians, both at Queen's University Belfast, and their book is partly a rollicking tale of Britain's most famous bosses from the end of the Victorian era to 2020, including some who are now forgotten. I had never heard of Sir John Ellerman, who, when he died in 1933, had a probate valued at £36.7 million — the largest estate ever declared in Britain, three times bigger than the Guinness fortune. His vast riches came from shipping, before he expanded into mines, brewing, newspapers and London property. I also learnt that Alfred Lyttelton — the first man to be capped by England at both cricket and football — chaired the Law Union Insurance Company until his untimely death in 1913 from a stomach abscess which he developed after being struck by a cricket ball.

• **The secrets of Britain's best (and worst) CEOs** (*Times* Review by John Arlidge)

The more famous figures — Lord Leverhulme, Ralph "five times a night" Halpern, Fred "the Shred" Goodwin of RBS infamy, and Cedric "the Pig" Brown of British Gas also get a run out as the book tells the tumultuous history of Britain's strange relationship with its business leaders. Do we admire them for creating wealth, jobs and contributing to our tax base? Or do we revile them for being mostly "concerned with making money", as Jim Slater famously declared, a class of executives responsible for the widening disparity between the 0.1 per cent and the rest?

What makes Aldous and Turner's study more than just a series of pen portraits is their analysis, drawing on a database of 1,387 bosses at 475 of our largest companies.

There has been a long-standing assumption that Britain became the sick man of Europe after the Second World War because, in Harold Wilson's 1963 reprimand, even though the MCC had abolished the snobbish distinction between amateurs and professionals in cricket, "in science and industry we are content to remain a nation of gentlemen in a world of players". Too many ill-qualified toffs were running Britain's top companies.

One of the interesting conclusions of Aldous and Turner, however, is that Wilson was resoundingly wrong. Yes, in the first two decades of the 20th century, four in ten bosses were peers of the realm, but this had fallen to 5 per cent by the 1960s and you were far more likely in the UK to make it to the top as son of a bricklayer or postman than in the United States. Also, in the first two decades when aristos were in charge, their study "shows no discernible difference in profitability and stock market valuation between companies led by gentlemen or players".

In more recent years, despite Britain catching up with America in sending bosses to business school, modern chief executives have failed to boost the productivity or the prosperity of the country. They argue, in fact, that the modern professional chief executive — 43 per cent of whom lose their job by being sacked or ousted after a takeover — is now too short-termist. Like football managers, they know they won't last long in the job so push for as high a salary as possible.

O'Hare at Zegona was paid such a huge sum because the shares of his company leapt fourfold between 2021 and 2024. Zegona shareholders have done very well; no wonder they were happy to vote for his large pay packet. However, part of the company's impressive performance was down to slashing 28 per cent of the workforce.

The welfare of staff mattered to them. Crucially, many had a "purpose" — that modish term. Lord Leverhulme, a Congregationalist, made such a success of Sunlight Soap because, in part, he genuinely believed in the importance of cleanliness.

To pin the robustness of early 1900s companies on the *noblesse oblige* of the bosses, as Aldou and Turner suggest, seems a touch romantic. But they believe corporate Britain needs to recapture that spirit by chief executive pay being tied not just to the interests of shareholders but wider society too. That's ambitious at best, a legal quagmire at worst — but it is true more bosses need to act as longer-term stewards if they want a role in revitalising Britain's economy. There are only so many doctors they are worth.

~~~
~~~