Harvard Law School Forum on Corporate Governance

More and Better Options: Strengthening Long-Term CEO Succession Planning

Posted by Rusty O'Kelley and Rich Fields, Russell Reynolds Associates, on Monday, June 2, 2025

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CEO succession is a board's most important responsibility. This is especially true today, as companies face a range of intense pressures, the reality of decreasing leadership preparedness across a wide range of rapidly-evolving business challenges, record CEO turnover, and nuanced governance trends—such as an anticipated increase of shareholder activism (particularly in the United States) and a new push-and-pull dynamic between board and management.

To ensure resilience in this quickly evolving business landscape, boards need to strengthen their processes to develop long-term CEO succession pipelines. This requires integrating more meaningful options into the succession process. Increasing optionality for top leadership roles is critical, as it allows the board flexibility in decision-making and risk mitigation, making agile, informed choices. Exploring different talent strategies and pathways will also allow boards to enhance value creation, as they will have increased options to achieve desired business results.

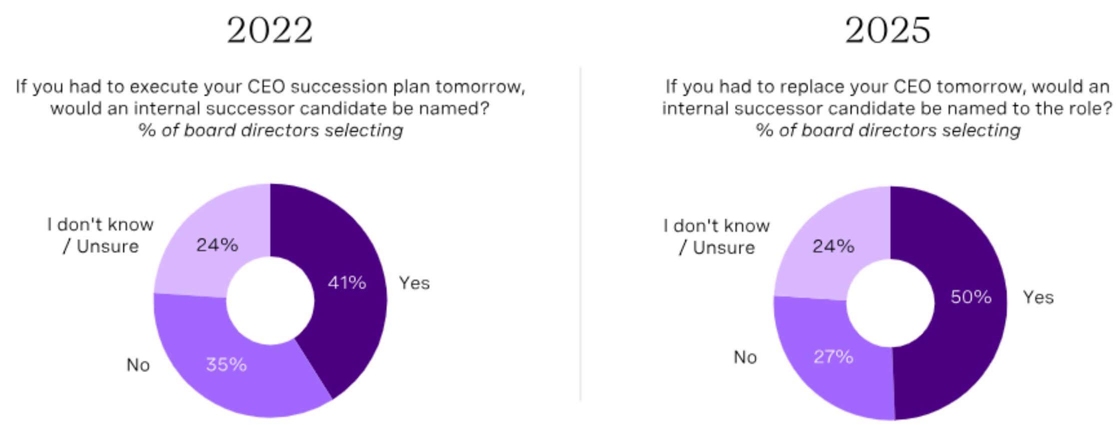
Russell Reynold's 2025 Global Board Culture and Director Behavior study identifies three noteworthy barriers that prevent boards from creating meaningful optionality in CEO succession pipelines.

1. Boards are underprepared for emergency CEO situations

Our 2025 Global Board Culture and Director Behaviors survey indicates that boards have made significant advancements in CEO succession planning—half of board directors indicate that if they had to replace their CEO tomorrow, an internal successor candidate would be named to the role, an increase (+9pp) from three years ago (Figure 1). While it is important to acknowledge and commend these accomplishments, it is equally crucial to recognize that more work needs to be done to fully strengthen CEO succession processes.

This need is most obvious during emergency CEO transitions, as boards still lack confidence in their preparedness for CEO succession. It's concerning that half of directors don't have confidence in an internal CEO candidate (even on a temporary basis), especially given the amount of time boards say they spend on executive talent planning and CEO succession. This is particularly troubling in emergency situations, when boards don't have the luxury of recruiting an external successor. Our research also found that around a quarter of board directors don't know what their emergency CEO plan would be, suggesting reluctance to commit to an internal candidate. In today's fast-paced environment, boards cannot afford to be indecisive.

Figure 1. Percent of board directors indicating whether an internal successor candidate would replace the CEO tomorrow



Source: RRA 2022 Global Board Culture and Director Behavior survey, n = 900 global board directors; RRA 2025 Global Board Culture and Director Behavior survey, n = 770 global board directors

2. Boards are not looking far enough into the future

Our extensive experience in conducting CEO search and succession projects (nearly 5,000 since 2019) has allowed us to develop proprietary insights and perspectives on best practices needed for organizations to establish successful CEO transition processes. We found that the most successful long-term CEO succession plans have at least a five-year time horizon. This aligns with guidance from investment stewardship teams at the top three institutional investors.

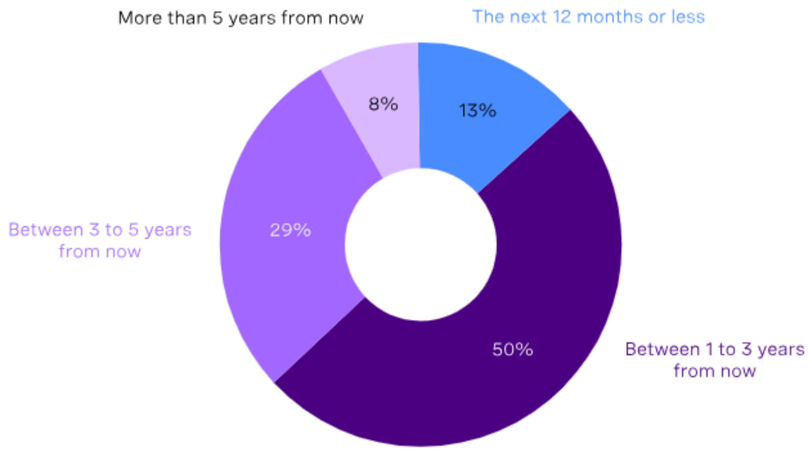
However, our survey data highlights a disconnect between best practices and board actions: only 8% of board directors indicate that their organization has proactively planned five years out.

Instead, half (50%) focus on the one to three-year range, with less than a third (29%) planning three to five years from now.

Figure 2. Percent of board directors selecting time period of CEO succession plan

What period of time does your CEO succession plan cover?

% of board directors selecting; asked only of those who responded Yes to currently having a formal CEO succession plan (non-emergency process)



Source: RRA 2025 Global Board Culture and Director Behavior survey, n = 440 global board directors

Boards cannot, and should not, be expected to predict the future. However, boards can develop a series of plausible scenarios that the organization may realistically encounter over the next five to seven years, along with the corresponding leadership competencies and strategies required to effectively navigate each scenario. While the board may have a particular CEO candidate in mind, this scenario planning exercise may highlight a range of leadership spikes needed in different contexts.

It's always possible that the successor the board has in mind may not remain in their current role. Organizations consistently face the risk of turnover when it comes to top talent, which in turn impacts the CEO pipeline: according to our H2 2024 Global Leadership Monitor, 64% of C-suite leaders say that they are likely to make a move beyond their current employer, a 14-percentage point increase over the last two years.

Establishing robust leadership assessment and development earlier in an executive's tenure and career is critical in preventing unwanted executive departures and high turnover. Investing in development, across a broad range of roles, is an effective tool for retaining key talent for the organization's future CEO pipeline. This approach helps mitigate risk and increases strategic options.

Case study: CEO succession for a large public consumer company

Recently, we partnered with a large, public consumer company that was looking to proactively start planning for its CEO successor. The plan was to ensure a successor was in place to take over the company's top spot within six to eight years. During the process, the current CEO became quite ill and unexpectedly passed away.

As the current CEO became ill, he stepped back from full-time management and the company tapped two of the internal candidates who were already being developed to become CEO-ready. Each candidate shared the responsibility for overseeing the day-to-day operations of the company's business units and corporate functions in addition to maintaining their current responsibilities.

The current CEO's passing expedited the need for a CEO successor and we quickly pivoted the process to support the board.

Lessons learned:

1. Long-term CEO succession planning was critical to quickly address the needed emergency succession plan.
2. Investing in strong internal talent developing programs was a key success factor in identifying the right candidate.
3. Internal candidates must receive the same treatment as externals to ensure a fair and equitable process.

3. Boards hesitate to put the C-suite succession pipeline under the microscope

The senior manager to C-suite succession process creates the internal talent pool that eventually feeds into the CEO succession process. The C-suite impacts not only CEO decisions and the enterprise's strategic direction, but is also critical to establishing organizational culture, engaging with next-generation leaders and ensuring organizational resilience.

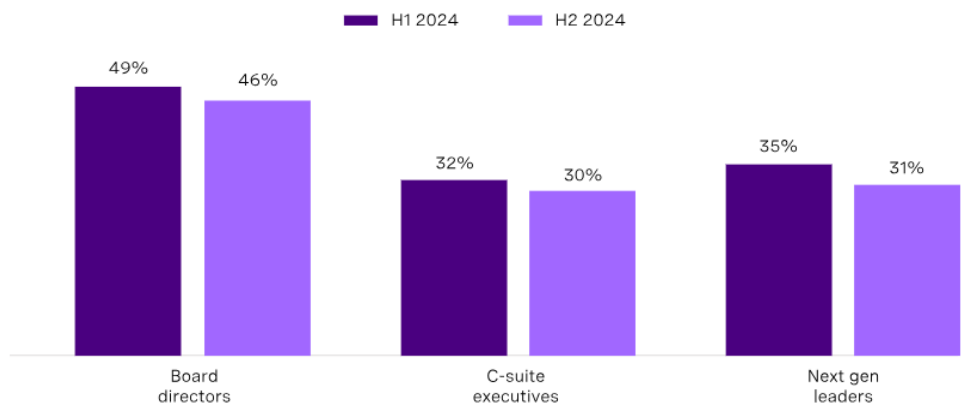
However, our research shows that only 52% of board directors are acquainted with executives beyond the CEO. This means that only half of directors are getting an early, informed look at their future CEO succession candidates. Connecting with the C-suite provides an opportunity for boards to be more strategic in understanding their organization's C-suite executives and be proactive in learning about their development process. If they don't see rising executives who they believe can one day step into the CEO role, it creates additional pressure for the board to get familiar with the external talent market.

To create more internal optionality in the CEO succession process, boards should offer to support the CEO in their broader C-suite leadership succession process. Our Leadership Confidence Index shows board directors are 14 to 16 percentage points more optimistic than C-suite executives or next-generation leaders when it comes to confidence in the CEO's management of C-suite succession (Figure 3). This gap suggests that the board's perspective on C-suite succession and leadership development may be overly optimistic. To gain a more accurate understanding and effectively provide guidance—while recognizing that C-suite succession is the CEO's responsibility—it is essential for boards to engage more actively in C-suite succession. This involvement will enable them to identify key areas where they can offer support to ensure meaningful success for the enterprise's talent goals.

Figure 3. Percent of leaders indicating confidence in the CEO's C-suite succession strategy

To what extent do you agree or disagree that your organization's CEO has a successful strategy for leadership successions at the C-level?

% of leaders selects Strongly Agree or Agree



Source: RRA H1 2024 Global Leadership Monitor, n = 3,052; RRA H2 2024 Global Leadership Monitor, n = 2,198

It takes a great team—not just a great CEO—to drive long-term value creation. Some institutional investors are urging boards to ensure the CEO is being intentional about overall C-suite succession, recognizing that this enhances team stability and higher performance. Boards have traditionally focused on one to three potential CEO candidates for active assessment and development; emerging best practices suggest that, with the support of the incumbent CEO, boards should look at executive assessment and development plans more broadly across the C-suite team. Boards should use their oversight responsibilities to improve the overall talent development process—with an earlier, broader, and deeper focus on strong executive development. This proactive involvement ensures that the board is well-positioned to address future leadership needs effectively.

How boards can optimize optionality to strengthen CEO succession

1. Regularly review and refine a forward-looking CEO succession profile

Boards that leverage a macro-level framework to build a dynamic success profile can have effective discussions centered on future leadership needs, current leadership capabilities, and identify how to close any gaps. By continuously testing for alignment, the board can surface assumptions and address inconsistencies. This process will help the independent board leader to monitor alignment, evolve the succession strategy, and guide the board on how to respond to new leadership needs as events unfold, ensuring that the board stays unified on how the succession strategy needs to pivot.

2. Support the CEO in enhancing executive leadership development

Boards should work with the CEO to prioritize leadership development as a critical component of CEO succession planning. This approach allows the board to gain familiarity with key C-suite leaders that could potentially hold the interim CEO seat in emergency situations, and stay informed of whether their growth and development is aligned with the organization's evolving needs.

3. Be open to assessing unexpected leaders

There may be 'newly discovered' leaders—whether recent external hires or emerging internal talent—who were previously not considered but possess strong potential and CEO aspirations. Establishing an 'opt-out' versus 'opt-in' CEO succession process goes beyond wordsmithing semantics; this approach automatically includes all qualified candidates in succession processes, thereby increasing the number of leaders under consideration and allowing the board to include leaders who might otherwise be overlooked.

4. Focus on creating a culture of progression

It's never too early to start thinking about CEO succession; starting sooner will create opportunities to maximize optionality. This approach will not only bring a strategic emphasis on fostering a culture of progression, rather than mere succession, but it will also prioritize investment and engagement with the highest potential CEO-succession candidates and reduce the risk of fostering a competitive "horse race" mentality.

To strengthen the CEO succession process and increase confidence in the future leadership team, boards need an intentional mindset that centers around optimizing for optionality.

Methodology

Over 1,000 supervisory board-level directors from 45 countries participated in the Russell Reynolds Associates' 2025 Global Board Culture and Director Behaviors Survey, with 48% of respondents based in Europe, 38% in the Americas, 9% in Oceania, and 4% in Asia. Industries represented included financial services (23% of respondents), industrial and natural resources (22%), technology (13%), consumer (12%), healthcare (11%), and professional and business services (5%). Forty-three percent of respondents' companies had annual revenue over $1 billion.