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Center for Executive Succession
UNIVERSITY OF SOUTH CAROLINA

CEO Succession:

10 Pitfalls Boards Must Avoid—and the CHRO Practices That Help

CEO succession is one of the board's most sensitive, high-stakes responsibilities.

It's not just about selecting a new leader—it's about safeguarding the company's future, preserving the outgoing CEO's legacy, aligning diverse stakeholders, and maintaining confidence across the organization and the market.

This report outlines **10 of the most common challenges** boards face in CEO succession—and how a trusted CHRO can help avoid or resolve them. Based on in-depth interviews with board directors, investors, and succession experts, as well as findings from a national survey of corporate directors, we offer a practical board-centric perspective on strengthening CEO succession with critical CHRO support.

CEO SUCCESSION PLANNING PLAYBOOK: For a step-by-step approach to succession planning, see Center for Executive Succession's *CEO Succession Planning Playbook*

A special thank you to everyone who participated in this guide and to Equilar for assistance with the accompanying survey.

TOP 10

Top 10 CEO Succession Pitfalls

1. When the CEO Hesitates
2. The Risks of Reactive Succession
3. Misaligned CEO Profiles Undermine Future Strategy
4. Ceding Too Much Power to the Incumbent CEO
5. Lack of Depth in Succession Discussions
6. Limited Insight into Internal Talent
7. Poorly Managed Transitions
8. When Candidate Development Disrupts Business
9. When a Successor is Preordained
10. Superficial Assessment of External Talent

The Data Reveals the CHRO's Critical Role

Three themes stand out:

- **CHROs are often *more* critical than the CEO.** Directors emphasized the CHRO's unique influence—particularly in defining the process, shaping criteria, and objectively evaluating candidates.
- **Stronger CHRO involvement correlates with stronger outcomes.** Boards with solid succession practices reported significantly greater CHRO engagement than those with weaker approaches.
- **Trust is the enabling factor.** A CHRO cannot lead or influence succession without the trust of the board, CEO, and executive team. Without it, even the best efforts can fall flat.

Four Moves CHROs Can Make:

- **Lead with the business case.** Frame succession as the driver of long-term value and risk mitigation—not just a compliance requirement.
- **Start early.** Advocate for early planning, development, and role clarity—even before a transition is in sight.
- **Provide objective insight.** Share the full picture—clearly and constructively—even when it's uncomfortable.
- **Build credibility over time.** Especially if you're new to the role, earn trust through sound judgment, discretion, and a deep understanding of the business.

Our research confirms what experienced directors already know: while the board ultimately owns CEO succession, the CHRO plays a pivotal role in shaping a strong, future-ready, successful process.

For a CHRO to meaningfully support succession, one factor matters above all: trust.

The CEO Succession Paradox

When a CHRO is trusted by the board, the CEO, and the executive team, they can help lead a disciplined, future-focused process that ensures alignment, minimizes disruption, and builds confidence in the incoming leader. Without that trust, the process becomes fragile—vulnerable to missteps, misalignment, or even reputational and organizational damage.

This is the paradox: The CHRO is essential to CEO succession—but only if they are trusted.

To rise to the challenge, CHROs must demonstrate business fluency, objectivity, discretion. They must navigate power dynamics, high-pressure timelines, and emotionally charged conversations as leaders grapple with letting go and boards weigh performance against future potential and long-term goals.

In the pages that follow, we explore 10 common succession pitfalls—and how a trusted, well-equipped CHRO can help boards avoid them.

Methodology:
Insights were gathered from in-depth, structured interviews with 26 directors of large multinational firms, 8 leaders of extremely large institutional investment firms, and 10 leaders of widely acclaimed executive search and consulting firms. We then conducted a survey of current CEO succession planning practices in boardrooms. Specifically, we asked each director to comment on a variety of topics and potential concerns derived from our interviews. Directors who serve on a single board responded about that board's efforts, while all others were asked to answer the questions regarding their most and least effective boards. 49 directors of large publicly traded corporations completed the survey.

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CHALLENGE 1

When the CEO Hesitates

The Challenge

One of the most persistent obstacles to effective succession planning is resistance from the incumbent CEO. Some CEOs avoid the topic out of discomfort with retirement, concern over legacy, or fear of losing control. Others simply delay in favor of more immediate demands. As one director put it, it's "like writing a will"—undeniably important, but easy to put off.

"A hindrance is a CEO who is not ready to discuss retirement." *—Director interview*

This hesitation can stall the entire process. Boards may struggle to evaluate internal candidates, map out development plans, or set clear timelines. Worse, it can erode momentum and morale—leaving potential successors frustrated, unprepared, or disengaged.

Key Insights from the Boardroom

In our survey, in 41 out of 71 instances, directors agreed the CEO was eager to engage in succession planning. But in boards that prioritize succession, CEO engagement was significantly higher (70%) than in those that don't (28%).

> ***"The CEO must be willing to be vulnerable and trust that if [the board] puts out a date, they will not immediately pivot and say let's get going on the new person."***
>
> *—Director interview*

Directors noted that when CEOs resist planning, it can:

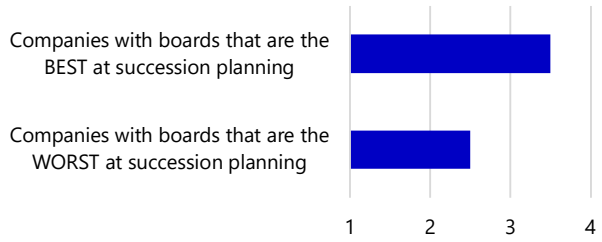
- Restrict transparency around internal candidates
- Delay or derail candidate development
- Cause misalignment between development efforts and future role profile
- Create uncertainty and disengagement in the C-suite
- Undermine external recruiting at senior levels

The CHRO's Role

A trusted CHRO can diffuse this tension and reframe the conversation. By positioning succession planning as an act of leadership—*not* an exit plan—they help the CEO feel secure, supported, and in control of the process. Trust allows the CHRO to serve as a discreet facilitator, keeping communication open between the board and CEO, while depersonalizing the work through rigorous, data-driven planning.

When trust is lacking, however, CHROs risk being excluded from the conversation—or seen as a threat.

How eager is the current CEO to engage in CEO succession planning?

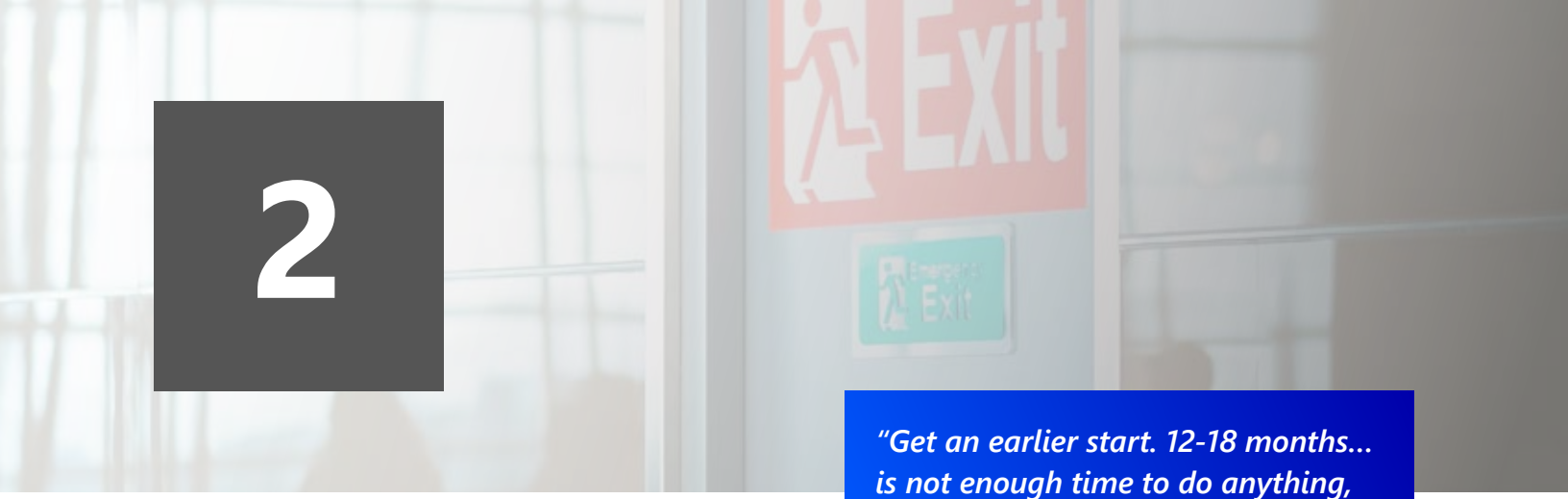


1 – Extremely Reluctant to engage, 5 – Extremely eager to engage

CHRO Practices That Support Success

- **Normalize the conversation in the boardroom.** Integrate succession planning into regular board-level talent and performance reviews, board prep materials, and leadership updates to make it routine—not rare or reactive.
- **Reframe succession as strategy.** Position the process as a lever for long-term value creation and leadership continuity—helping the CEO and board see it as proactive strategy, not personal exit. Link executive development to building the capabilities needed across the C-suite to deliver on the organization's future strategy.
- **Give the board tools to engage.** Share process maps, development timelines, capability assessments, and scenario frameworks that enable the board to participate constructively without having to drive the process themselves.
- **Depersonalize through data.** Use structured, repeatable talent reviews to shift the focus from individuals to organizational capability and future-state readiness. Link the board's process to strategic talent management processes as part of the company's DNA.
- **Define roles and responsibilities.** Proactively map out and communicate who is accountable for what—across the board, CEO, and CHRO—to keep momentum and reduce ambiguity. Engage the board chair or lead director to establish effective communication and ensure board involvement in the process.
- **Plan backwards from future needs.** Create a reverse timeline based on what's needed to get internal candidates ready, and use it to make the case for starting now—not later.

Chart Source: 2024 Center for Executive Succession, HR Policy Association and Equilar survey.



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CHALLENGE 2

The Risks of Reactive Succession

The Challenge

One of the most costly mistakes in CEO succession is starting too late. Boards often underestimate the time required to identify, prepare, and develop a CEO-ready candidate. When planning begins only after a transition seems imminent, the result is often a compressed, reactive process—leading to underdeveloped successors, reduced internal options, and greater reliance on external hires.

As one **director put it, boards can be lulled into a false sense of security** when a CEO is performing well or expected to stay for years. But strong performance today doesn't eliminate the need to prepare for tomorrow.

"Prepare a talent pipeline with assignments that give candidates the depth and breadth necessary to be viable for the CEO role." ***—Director interview***

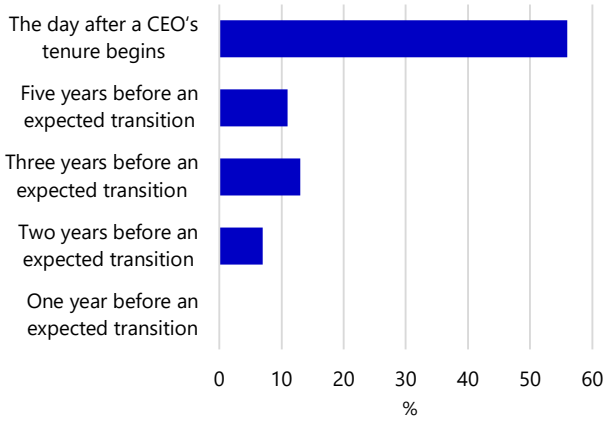
"Get an earlier start. 12-18 months... is not enough time to do anything, especially develop internal talent."
—Director interview

When boards delay, the consequences compound:

- Succession begins on a compressed timeline, leading boards to select unprepared successors, select an interim hire, or find external talent
- Candidate development is incomplete or rushed, reducing the effectiveness of the assignment in developing the desired or necessary capabilities
- Interim updates on candidate readiness are infrequent or absent
- Leadership pipelines are unclear or unmanaged
- External hiring becomes the default—not the strategy

CEO succession isn't a one-time, event driven decision—it's a long-term process that must be embedded in leadership development. Without that foundation, internal pipelines stall and confidence in leadership continuity weakens. This can leave boards in near-impossible situations when the need for succession arises imminently, and the board does not perceive ready-enough candidates.

When should the CEO succession planning process begin?



Don't let timing jeopardize trust.
Compressed timelines don't just hurt candidates—they signal to the organization and investors that leadership was caught unprepared. That message undermines confidence in both governance and executive leadership.

Key Insights from the Boardroom

Directors overwhelmingly agree: CEO succession planning should start early. Yet in practice, many boards begin the process just 12–18 months before an expected transition—far too late for meaningful internal development.

The CHRO's Role

CHROs are uniquely positioned to help boards avoid the trap of reactive succession. When trusted, they can drive a proactive, ongoing approach grounded in talent insight, development timelines, and future business needs.

This means embedding succession into the leadership system—not just sounding the alarm. A strong CHRO makes the case for long-term planning with data, clarity, and consistency, helping boards see what it truly takes to grow CEO-ready talent.

CHRO Practices That Support Success

- **Make succession a living board process.** Embed structured, ongoing CEO succession into the company's annual talent cycle, complete with tracking tools, readiness metrics, and regular updates for the board.
- **Design a full C-suite succession framework.** Create and maintain an integrated system to track successors across the leadership team—based on organizational capabilities, not current positions or people—so CEO pipeline planning sits within a broader, stable talent ecosystem linked to the organization's future strategic priorities.
- **Align development with business strategy.** Clarify which leadership capabilities will matter most in the next chapter of the business—and ensure internal development plans target those needs, not just past role profiles.
- **Map candidate-specific timelines.** Equip directors with realistic roadmaps for internal candidates to develop the capabilities the board believes are critical in the next CEO, showing the time and experiences required to make each one CEO-ready.
- **Bring the board into the process.** Use case studies, dashboards, and scenario planning to help directors visualize development arcs and understand the risk of compressed timelines.

One Board's Aha Moment:
After identifying a strong internal candidate, it became apparent that the individual required multiple years of additional experience to master specific roles, prompting an urgent pivot toward a more proactive planning process.

Chart Source: 2024 Center for Executive Succession, HR Policy Association and Equilar survey.

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CHALLENGE 3

Misaligned CEO Profiles Undermine Future Strategy

The Challenge

One of the most consequential yet overlooked pitfalls in CEO succession is failing to align the CEO profile with the company's future strategy. Too often, boards default to legacy templates or the traits of past leaders—favoring familiarity over foresight.

Even when boards actively review strategic priorities, they may not revisit the CEO profile to reflect those shifts. The result: misaligned expectations, underprepared successors, and a CEO role profile that no longer fits where the business is headed.

"We refreshed [our CEO profile] last year—but now we have a completely different set of needs." ***—Director interview***

"When hiring a CEO, you're hiring them for the next 7 or 8 years, not the last 7 or 8 years."

—Director interview

When boards cling to outdated assumptions, they risk:

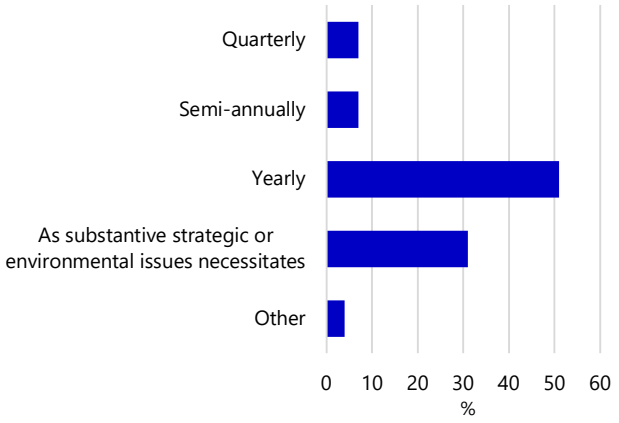
- Over-relying on the incumbent's playbook
- Prioritizing familiarity over future-fit capabilities
- Missing key leadership traits needed in a fast-changing landscape

Key Insights from the Boardroom

Our research shows a disconnect between strategic planning and succession execution:

- Most directors say their boards have analyzed the company's expected future strategy (72%), but only 58% agree that their CEO profile reflects future needs.
- Boards with strong succession practices are more likely to:
  - o Have developed a forward-looking CEO profile (70% vs. 26%)
  - o Have conducted a recent strategic analysis (89% vs. 44%)

How frequently should the board update the CEO role profile?



One Board's Pivot Moment:
After reassessing their strategy, a board realized their lead internal candidate needed to shift from operational execution to innovation leadership—an insight that reshaped their development priorities and CEO profile.

The CHRO's Role

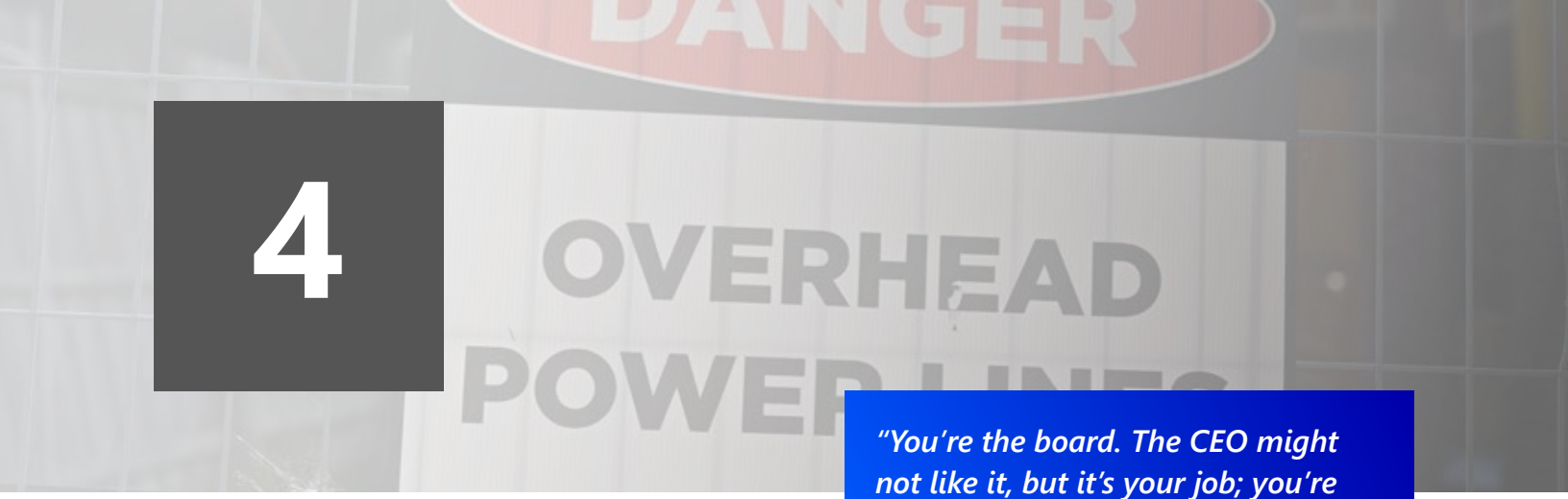
A trusted CHRO can help ensure the CEO profile keeps pace with strategy. This includes prompting the right conversations, offering outside-in perspectives, and surfacing insights that challenge legacy thinking. By bringing together internal priorities and external benchmarks, CHROs help boards translate strategic intent into leadership criteria.

"The challenge is to align on the must-haves: what are the qualities and characteristics of an effective CEO in this environment?" ***—Director interview***

CHRO Practices That Support Success

- **Facilitate strategy-driven profiling.** Spark discussions that tie future business direction to leadership needs, helping the board envision what success will require—not just who fits the mold. Start by discussing the strategy and profile before discussing the people.
- **Separate legacy from future need.** Provide tools or frameworks to help directors distinguish between what worked for the last CEO and what's essential for the next one.
- **Bring external insight to the conversation.** Share peer examples, industry shifts, and talent trends that highlight how CEO role profiles are evolving—and the risks of falling behind.
- **Embed CEO profile reviews in strategy updates.** Recommend a rhythm for re-evaluating the CEO profile as part of strategic planning cycles, ensuring it remains current and actionable.
- **Promote ongoing alignment, not one-off adjustments.** Help establish the expectation that leadership requirements will evolve—and provide ways to revisit them regularly through talent reviews and board discussions.

Chart Source: 2024 Center for Executive Succession, HR Policy Association and Equilar survey.



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CHALLENGE 4

Ceding Too Much Power to the Incumbent CEO

The Challenge

Boards risk compromising CEO succession when they cede too much control to the sitting CEO. While the CEO's insights are valuable—particularly in identifying future business challenges and evaluating talent—the responsibility for leading the process rests squarely with the board.

"Even with a plan and timeline, the CEO often expects to run the process. It's a consistent challenge in every board conversation." ***—Director interview***

Too often, the line between CEO involvement and board authority becomes blurred. Without clear boundaries, the CEO can exert outsized influence over a process that should reflect the board's independent judgment and long-term stewardship. At the same time, there always remains a natural tension as the CEO retains authority over picking the executive leadership team and developing organizational talent. Thus, while the board retains authority for CEO selection, they also must rely upon the CEO to assist in moving the process forward.

"You're the board. The CEO might not like it, but it's your job; you're supposed to hire, fire, and pay the CEO." ***—Director interview***

Where the Risk Lies:

When the incumbent CEO controls the process or manipulates the flow of information, several issues emerge that jeopardize the board's ability to make informed, unbiased decisions. Risks include:

- Blurred roles and decision-making authority lead to deference to the CEO or no accountability for key planning process stages
- Delays in succession planning or readiness
- Frustrated internal candidates and lost talent
- Difficulty managing timing and transition
- Undermined board credibility

One process consultant stated:
"If you're management you can wipe out any candidate any day. I think boards are naïve about this. CEOs have almost 100% control outside of the event. Part of being a board is that you want to have a healthy relationship with the CEO and part of starting the process is that you need to start it when you hand off the baton. I'd rather have a good process that is healthy and works for the company that is ongoing rather than having a CEO who wipes out a candidate any time."

Even well-intentioned CEOs may unintentionally stall progress to extend their tenure, steer the process toward favored candidates, or slow down development to maintain influence. These actions—however subtle—can erode transparency and threaten the board's ability to make an informed, objective decision.

The CHRO's Role

The CHRO can bridge the board and the CEO—preserving the board's authority while enabling constructive CEO involvement. This requires a steady hand: affirming the CEO's valuable contributions and eliciting their engagement, while reinforcing the board's ultimate ownership of the process.

By building trust with both sides, the CHRO can help establish role clarity, maintain transparency, promote engagement, and keep the process anchored in sound governance.

"The board must insist on seeing a succession plan. I don't want the CEO to tell me who the successor should be—that's the board's job." *—Director interview*

CHRO Practices That Support Success

- **Establish clear boundaries around CEO involvement.** Partner with the board to define where the CEO adds value—and where the board must lead. Make these expectations explicit to prevent overreach. Clearly define where the board's role begins, but also acknowledge where and how the board is reliant upon management.
- **Support a structured, board-led process.** Help institutionalize a disciplined approach that can't be derailed by personalities, preferences, or power dynamics.
- **Engage the full board early and often.** Work with the Board Chair or Lead Independent Director to ensure all directors stay informed and involved—not just reacting at the end.
- **Identify where CEO input adds value.** Encourage the CEO to mentor candidates, offer perspective on capabilities, and support the transition—without influencing final decisions.
- **Counsel the CEO on legacy and leadership.** Position succession as a defining legacy moment. Help the CEO see how supporting a transparent, board-led process reinforces their credibility and impact as a long-term leader.

The Bottom Line:
CEO succession is the board's responsibility. Boards must lead—and be seen as leading—the process from start to finish.

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CHALLENGE 5

Lack of Depth in Succession Discussions

> *"Boards treat succession in a ritualistic way that doesn't always allow for the deep thinking or debate required. They then fall into a cycle where it feels too superficial to devote more time in the next session—and so it continues."*
>
> *—Director interview*

The Challenge

Boards typically devote significant time to long-term strategy—but succession planning often receives less attention and less rigor. Without consistent, structured, and candid dialogue, CEO succession risks becoming a checkbox exercise, performative in nature, rather than a strategic imperative.

Some boards avoid deeper discussions to sidestep discomfort—whether that means managing CEO expectations, debating internal candidates, or confronting their own uncertainties. As a result, they may cede responsibility to management, miss signals about candidate readiness, or fail to evolve the criteria driving their process

When boards don't invest in the process, several risks emerge:

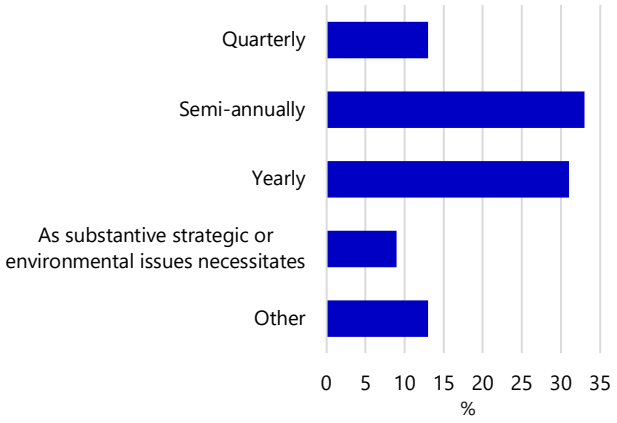
- Discussions that avoid meaningful debate or difficult topics
- Succession planning that falls behind evolving strategy
- Overreliance on the CEO or management to steer the process
- Incomplete view of candidate readiness
- Overlooking internal talent or relying on outdated criteria
- Emergency plans that are unrealistic or obsolete

Key Insights from the Boardroom

Boards that take succession seriously often discover how much time and effort it truly requires.

- Just **35%** of directors believe their board has ample time to complete CEO succession planning.
- Among boards that say they are *focused on succession,* only **26%** feel confident about the time available—suggesting that deeper engagement reveals just how much more attention the process needs.
- By contrast, **48%** of less succession-focused boards express greater complacency, believing there is more than ample time to prepare.

How frequently should the board discuss CEO Succession?



Emergency Succession Plans: Often in Name Only

Even when an emergency successor is named, the plan is rarely stress-tested or kept current. Strong boards revisit emergency planning as part of their overall succession work, ensuring:

- Identified short- and long-term emergency successors remain viable
- Interim leadership (board or executive) is clearly defined where needed
- Plans reflect the company's current context and stakeholder expectations

The CHRO's Role

A trusted CHRO helps keep the board grounded in the importance—and the complexity—of CEO succession. By bringing structure, insight, and objectivity, the CHRO can help deepen the board's engagement, elevate the quality of discussion, and prevent drift.

"CHROs should be intentional in drawing out potential conflicts or hesitations from board members and navigating those to more productive ends."

—Director interview

"CHROs help ensure the process reflects more than just what's easy or familiar—it must align with external expectations."

—Director interview

CHRO Practices That Support Success

- **Champion a structured cadence.** Ensure succession is built into the board's meeting rhythm—not left to chance. Without consistency, boards risk drifting into a passive, performative approach.
- **Equip the board with tools and timelines.** Provide frameworks that clarify director roles and define a clear succession timeline with decision points.
- **Facilitate open, future-focused dialogue.** Use your objectivity to surface unspoken concerns, mediate difficult conversations, and ground discussions in data, trends, and case examples.
- **Keep the board aligned with stakeholder expectations.** Ensure directors understand how succession is viewed by investors, shareholders, and other stakeholders. Poor alignment can erode board credibility.

Chart Source: 2024 Center for Executive Succession, HR Policy Association and Equilar survey.

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CHALLENGE 6

Limited Insight into Internal Talent

> *"On my best boards, we think about 20-30 people down in the organization who are stars; how do we get the board to know them, track them, and think about them over their careers? What do we do to get them the skills they need?"*
>
> *—Director interview*

The Challenge

Many boards lack meaningful insight into internal CEO candidates. Directors often have limited direct exposure to emerging leaders and must rely on inputs from management—inputs that may be incomplete, curated, or biased. In the absence of structured interaction and objective data, the board's view of the internal pipeline may be too narrow or overly filtered.

When directors don't have regular, structured opportunities to engage with internal talent—and when the board lacks independent, trustworthy data—the selection process risks missing strong candidates and reinforcing blind spots.

When boards don't have the information or access they need, several risks emerge:

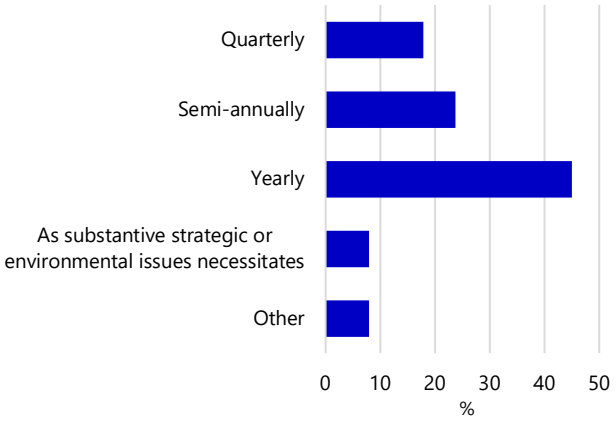
- Overreliance on management-prepared shortlists or summaries
- Subjective judgments that reinforce personal or stylistic bias
- Insufficient exposure to potential beyond the most visible senior leaders, who may be selected by the CEO
- Gaps in evaluating critical competencies like adaptability, cultural fit, or stakeholder management
- Missed opportunities to support development of promising internal talent

What the Data Shows

Boards with stronger succession planning practices engage more directly and deeply with internal talent. These boards:

- Are more likely to identify internal candidates with CEO potential (100% agree vs. 72%)
- Report more firsthand interaction with potential successors (93% vs. 72%)
- Provide more targeted coaching and mentoring (62% vs. 28%)

How frequently should the board discuss and appraise the development of internal candidates?



"Most companies are facing entirely different challenges than they previously experienced. The normal toolkit of development programs is not enough."

—Director interview

Key Insights from the Boardroom

Directors shared consistent concerns about the risks of limited access to internal talent:

- Management may unintentionally shape or narrow the board's view
- Without independent evaluation tools, it's hard to challenge assumptions or expand the candidate pool
- Even structured processes can reinforce bias if they overemphasize style, experience, or presence

The CHRO's Role

While boards lead CEO succession, CHROs play a critical role in identifying strong internal candidates and ensuring evaluations reflect future needs—not just past performance. CHROs help directors move beyond gut instinct by supplying accurate, independent insight and reducing bias in the process.

CHRO Practices That Support Success

- **Provide credible, objective insights.** Offer a clear, honest view of internal candidates—not just high-level summaries. Ensure the board understands the "why" behind each name, while preserving an independent voice from that of the CEO.
- **Build visibility into the pipeline.** Create structured ways for directors to meet and observe talent deeper in the organization. Encourage questions about who is being developed and why.
- **Establish a holistic evaluation framework.** Ensure assessments reflect future-oriented leadership attributes, including adaptability, EQ, and strategic thinking. Refresh the CEO (and ELT) role profile regularly to match evolving business needs.
- **Facilitate informed comparisons.** Help directors think through tradeoffs and compare candidates using consistent, forward-looking criteria—not individual preferences.
- **Systematize the process.** Use structured tools, regular development discussions, and third-party assessments to reduce bias and anchor board conversations in data. Starting assessments early in executives' careers can normalize the process and reduce potential concerns if assessments are seen solely as an audition for the CEO role.

Chart Source: 2024 Center for Executive Succession, HR Policy Association and Equilar survey.

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CHALLENGE 7

Poorly Managed Transitions

The Challenge

Succession planning doesn't end with the announcement of a new CEO. The transition phase is a critical period that, if mishandled, can weaken investor confidence, destabilize leadership teams, and cause lasting confusion between the incoming and outgoing CEO—particularly when the predecessor remains involved in governance.

"When the former CEO becomes Chair, watch out for how the board is governed." ***—Director interview***

What the Data Shows

Boards that handle transitions well plan deliberately and communicate clearly:

- Boards with stronger succession practices are **more likely to have clear transition plans** in place (42% vs. 12%).
- Yet **overall board confidence in managing transitions remains low,** with an average rating of just 2.8 out of 5.

The transition period—especially when the former CEO stays on as Chair—requires intentional governance.

"Even if the board gets the pick right, if we mismanage the handoff, we lose all the value of that choice."
—Director interview

Where the Risk Lies:

Boards that treat succession as a one-time event, rather than an extended process, risk undermining the very outcomes they worked to secure. Transitions can falter without:

- Structured onboarding and mentorship for the new CEO
- Clear roles and boundaries for the outgoing CEO
- Alignment between the board and executive leadership
- Strong communication with investors and stakeholders

Key Insights from the Boardroom

Directors identified the transition as one of the most vulnerable moments in the succession process.

- Boards often focus on selecting the next CEO, **but fail to support them post-announcement**
- The **Chair/CEO dynamic is frequently left undefined,** creating ambiguity
- **Outgoing CEOs may struggle** to step back, particularly when their identity is tied to the company's legacy

The CHRO's Role

The CHRO plays a key supporting role in protecting leadership continuity and setting both CEOs—and the board—up for success during the transition. As a trusted facilitator, the CHRO helps define expectations, manage timing, shape internal and external messaging, and ensure the transition is structured and supported at every stage.

"Talk to people who have become CEOs after working with the CEO for years. The minute they become CEO, if you ask them if they really understood what it would be like, the answer is usually no. You must have done it to understand it.

—Director interview

CHRO Practices That Support Success

- **Design a comprehensive transition plan.** Work with the board to ensure onboarding, mentorship, and stakeholder alignment are built into the process from the start.
- **Clarify roles and authority.** Facilitate clear, early conversations between the board, incoming CEO, and outgoing CEO—especially when the predecessor remains involved.
- **Document a structured roadmap.** Outline milestones, timelines, and responsibilities for each party to avoid confusion and drift.
- **Help the outgoing CEO exit well.** Provide resources, coaching, or explore next-step opportunities that create a purposeful off-ramp and preserve dignity and legacy.
- **Support the incoming CEO's positioning.** Help articulate their leadership style, priorities, and vision to employees, investors, and other key audiences.
- **Lead investor communications.** Shape a confident narrative around continuity and strategy, reinforcing confidence in the new leadership.
- **Encourage ongoing board engagement.** Ensure the board continues to support and build trust with the new CEO throughout the critical first year.

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"You don't develop a CEO overnight."
—Director interview

CHALLENGE 8

When Candidate Development Disrupts Business

The Challenge

Preparing internal leaders for the CEO role requires deliberate development—including stretch assignments that push candidates beyond their functional expertise. These experiences are essential to gauge readiness but can also disrupt performance, spark resistance, or leave successors feeling unsupported.

Some leaders hesitate to reassign top performers from business-critical roles. But over-rotating toward short-term stability can leave the board with internal candidates who haven't been adequately tested, exposed, or prepared for enterprise leadership.

"You're not going to change five people at one time; you must take a macro view of the entire process and figure out how you move them deliberately, in a way that makes sense and doesn't put the organization at risk." *—Director interview*

Directors point to several recurring risks:

- Missed development opportunities leave the board with too little data to evaluate internal candidates objectively
- Candidates often lack exposure to enterprise-level challenges
- Poorly planned rotations can destabilize teams and limit leadership testing
- Short-term business results may overshadow long-term growth potential

Key Insights from the Boardroom

Directors stressed the need for intentional, sequenced development:

- **Boards rely on CHROs** to ensure the development process is structured, transparent, and aligned with enterprise needs
- **Confusion often exists** around what constitutes meaningful development and how much risk is acceptable
- **Without performance context,** candidates in stretch roles may be judged unfairly on temporary results rather than growth potential

The CHRO's Role

The CHRO supports the board and CEO by designing development strategies that balance enterprise needs with long-term succession goals. This includes identifying stretch opportunities, sequencing moves to minimize disruption, and helping the board assess progress through a development lens—not just short-term performance.

"We're asking people to take on more risk, to step into roles where they're not yet experts. If the board isn't aligned on what success looks like, we end up penalizing growth instead of rewarding it."

—Director interview

"When people leave because we didn't give them the growth opportunities they needed, we lose more than talent—we lose our investment." ***—Director interview***

CHRO Practices That Support Success

- **Create individualized development plans.** Include timelines, milestones, and clear goals. Use tools like scorecards, coaching, and 360 reviews to track growth over time.
- **Sequence rotations deliberately.** Take a macro view of leadership movements to reduce disruption and ensure continuity while building readiness.
- **Expand enterprise exposure.** Introduce challenging roles—such as COO or Group President—that help candidates operate beyond their current scope.
- **Provide performance context.** Help the board evaluate candidates based on developmental progress, not just near-term business metrics.
- **Institutionalize development.** Embed talent reviews and succession updates into the organization's operating rhythm to ensure continuity in planning.
- **Strengthen mentorship and feedback.** Pair candidates with senior leaders and ensure consistent feedback to reinforce strengths and close development gaps.
- **Frame development as investment.** Help the board view these moves as essential to long-term success—offering peer examples and strategies to manage short-term risk.

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CHALLENGE 9

When a Successor is Preordained

> *"A succession that allows the CEO to have only one chosen candidate is not a process, but an ordination."*
>
> *—Director interview*

The Challenge

Boards can fall into a trap of path dependence, where a single front-runner—often backed by the outgoing CEO or a vocal faction of directors—emerges too early in the process. This preferred candidate quickly becomes the reference point for the role, skewing how other potential successors are evaluated and narrowing the board's options.

> ***"It's quite often the case that the CEO has a preferred candidate they try to elevate to the board, but the board must be disciplined enough to avoid being fixated on one candidate too early."***
>
> ***—Director interview***

Early anointment can lead to confirmation bias, where the board highlights strengths in the favored candidate while overlooking signs of misalignment—and underestimating lesser-known internal or external contenders. Without broad exposure to the full talent pool, directors lose the opportunity to assess how different candidates operate, grow, and lead over time.

Where the Risk Lies:

When succession becomes overly centered on one individual, the board faces several risks:

- Reluctance to revisit succession plans even as business conditions shift
- Rationalization of red flags in the preferred candidate
- Reduced investment in developing a strong bench
- Missed opportunities to evaluate alternative candidates in real-world settings

The CHRO's Role

The CHRO plays a critical role in ensuring a structured, disciplined process that expands the board's visibility and helps prevent premature lock-in. This includes surfacing a broader slate of candidates, designing comparative evaluations, and facilitating consistent exposure to internal talent.

In particular, CHROs can ensure directors gain greater exposure to a diverse pool of potential successors, especially several levels down and in their natural daily working environment. The Board benefits from getting to know talent two or three steps away from being a potential CEO—it gives them a sense of the talent that may be CEO-ready at different succession time horizons.

"You'd be surprised what you can learn about a person by traveling with them. Especially with candidates from outside the country—have the Board travel with the individual and observe them in their natural environment. The leader may come across completely differently."

—Director interview

CHRO Practices That Support Success

- **Broaden the board's field of vision.** Provide regular, objective updates on a wider slate of internal candidates—not just those already on the board's radar. Comparative evaluations tied to clearly defined success criteria help ground decisions in substance, not preference.
- **Design and facilitate structured evaluations, including using third parties where helpful.** Scenario-based assessments can reveal how candidates respond to forward-looking business challenges. These exercises allow directors to make side-by-side comparisons and identify any capability gaps in a presumed front-runner. Using third parties can provide objectivity and credibility, though the use of third parties should be to complement a process rather than substitute for one that is lacking.
- **Create more visibility into emerging talent.** Boards can't evaluate candidates they don't see. Build opportunities for informal director exposure to promising leaders—such as through operational presentations, site visits, or networking events. Tie succession planning into board talent management discussions focused on building future-ready capabilities.
- **Benchmark against external talent.** Comparing internal candidates to the external market provides valuable perspective. Partnering with an external advisor can support a balanced, rigorous process and help test assumptions about the preferred successor.

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CHALLENGE 10

Superficial Assessment of External Talent

> *"We had no real way of evaluating external talent unless we had a search firm guiding us."*
>
> *—Director interview*

The Challenge

Boards often demonstrate a strong preference for internal candidates—especially when company performance is solid—leading to limited or cursory evaluation of external talent. While understandable, this tendency can reduce strategic optionality and weaken the overall rigor of the succession process.

Evaluating external candidates is inherently more difficult. Boards typically receive filtered information through search firms or informal networks, making it hard to assess leadership capabilities, fit, and readiness. Without a structured methodology or sustained commitment, external candidates are often dismissed quickly or bypassed altogether.

A second challenge is that some boards default to comparing seasoned external CEOs with less experienced internal successors—an uneven match that could lead to an alternate bias for external candidates. Without a consistent approach to benchmarking internal and external talent, the board risks becoming enamored with outside executives with CEO experience, while neglecting to examine whether the outside executive can effectively navigate the company's internal culture and strategic priorities.

Key Insights from the Boardroom

Directors consistently pointed to the cultural alignment and trust that internal candidates bring—but acknowledged that these same advantages can discourage broader consideration of external talent unless business conditions demand it.

> ***"Unless the company is severely challenged and you want to bring in a change agent, I'm very much in the camp of going internally. There is so much to be said about culture and values. You may know the business, but do you know the company? Can you engender the same loyalty and followership?"***
>
> *—Director interview*

Survey data reinforces this trend: boards with strong, structured succession processes are more likely to conduct regular market scans and integrate external benchmarking. In these organizations, external evaluations are not viewed as a sign of weakness but as a routine part of a disciplined process.

The CHRO's Role

The CHRO can support the board by bringing structure, objectivity, and clarity to the evaluation of external talent. This includes engaging trusted search partners, building frameworks for fair comparisons, and challenging assumptions that prematurely disqualify strong external candidates.

By helping the board maintain visibility into the broader talent market, CHROs preserve optionality, surface blind spots, and ensure the final decision reflects both internal readiness and external standards.

CHRO Practices That Support Success

- **Ensure the board has access to real information on external candidates.** Facilitate a structured, evidence-based view of the external market by compiling objective data, conducting comparative assessments, and designing consistent evaluation frameworks.
- **Bring in the right external partners—but don't outsource the process.** Recommend search firms with a proven track record, but retain ownership of the evaluation process. Ensure these partners enhance—not replace—the board's engagement and decision-making.
- **Create opportunities for early and informal engagement.** Encourage directors to build relationships with external talent through industry events, networking opportunities, and informal meetings. These touchpoints help the board understand market dynamics and raise the organization's profile among top leaders.
- **Facilitate fair comparisons between internal and external candidates.** Avoid misleading one-to-one comparisons. Instead, evaluate all candidates—internal and external—against a consistent set of leadership criteria and future-facing business needs, using structured, scenario-based assessments.