

# Five Keys for Ensuring a Fruitful CEO Succession

By Bill Hayes



Listen to article

100

**Finding the new top executive can't be all about culture fit.**



*Steve Van Zuylen*

According to a [recent survey by Deloitte](#), nearly seven out of 10 C-suite executives are seriously considering leaving their jobs for a more supportive position. This shines a light on the need for updated CEO succession planning in all organizations, especially public companies. And with [Forbes](#) reporting that 40% of all CEOs fail within their first 18 months on the job, it's important that the process for identifying the next CEO is thorough, purposeful and on-target. We spoke to Steve Van Zuylen, managing director of global markets at YSC Consulting, an Accenture company, to discuss trends revolving around CEO departures, the role corporate culture plays in CEO succession and the five steps he would recommend for ensuring a successful identification and introduction of a new top executive.

**Directors & Boards: What trends are we seeing regarding CEOs leaving their organizations? Has there been an uptick in CEO departures, similar to what we have seen in the workforce?**

**Steve Van Zuylen:** During the period of significant uncertainty and volatility that surrounded the COVID-19 pandemic, CEOs delayed their departures and chairs postponed succession planning decisions. That said, the events of 2020 also prompted several emergency successions. Starting in 2021, we saw an uptick in clients instigating shorter-term succession planning processes, and we're now also seeing an uptick in CEO departures. The causes for the recent uptick are more multifaceted than the broader workforce trend. This has less to do with the Great Resignation, which generally impacts lower-level positions, and more to do

with companies rethinking the needs of the CEO role in response to a change in strategy in the aftermath of COVID.

**DB: What factors have been at play in recent CEO departures? Why are CEOs leaving?**

**SVZ:** To some extent, CEOs are resuming planned retirements. Many had delayed their retirements during the pandemic, and boards wanted them to remain at the helm to provide stability and continuity and to minimize risk. Again, the unprecedented trials of the COVID-19 era accelerated formerly slower moving trends like digital transformation and various ESG issues, forcing boards to rethink not just immediate and long-term strategy, but the entire culture of their enterprise, in turn realizing the need for a different kind of CEO. Further, the increased attention being paid to these issues and the increased level of scrutiny by shareholders have driven increased board focus on proactive succession planning. In our research, more than 50% of boards report the need to improve



**DB: What role would you say**

**corporate culture plays in CEO succession? How important would you say it is that a new CEO fit an existing corporate culture?**

**SVZ:** Boards often prioritize “culture fit” when planning for CEO succession. And that focus is superficially validated by the fact that internally promoted CEOs, who are obviously more likely to reflect the existing corporate culture, tend to be three times more successful than those who are externally hired. But is a focus on culture fit universally a good thing? My experience says “not necessarily.” The concept of culture fit can be a minefield for bias and can act as a barrier to the consideration of more diverse candidates. At its worst, culture fit can be used as subtle code for someone “just like the current CEO.” Boards have a moral obligation and a stakeholder duty to seek diverse succession candidates. Therefore, the concept of culture fit must be considered but rigorously challenged

for bias. That's why when thinking about culture in relation to CEO succession, boards need to start by asking three questions:

- What is our future strategy?
- What kind of culture will it take to enable that strategy?
- What kind of leadership qualities, experiences and mindset will foster that culture?

**DB: What are the keys boards should keep in mind for successful CEO succession, whether that be before the new CEO is brought on or after?**

**SVZ:** I would advise them to follow five key steps:

- **Take a long-term and systemic approach.** CEO succession is a multiyear process. Boards that plan for the long term, focus on CEO succession as a change process and consider it in its full holistic context are more likely to develop and select the right successors and contingency plan.
- **Embed DEI as a key consideration from the outset.** Boards need to explicitly articulate expectations about the organization's DEI agenda and create alignment on how that agenda applies to the CEO succession process. Bring DEI considerations into each stage of the planning cycle.
- **Create alignment around future-focused requirements.** Too often, boards risk assuming the next CEO should be similar to the incumbent. Instead, it is critical that they align around future leadership requirements given the desired strategic vision.
- **Attend to the emotive aspect of CEO succession planning.** Boards that prioritize their interpersonal dynamics are more likely to facilitate constructive debate and effective communication, and optimize the functioning of the board to ensure a successful process.
- **Ensure accuracy of insight.** Boards that systematically use predictive objective data ensure accuracy of judgments against an agreed profile of success, invest in the right talent, improve the effectiveness of decision-making, help to manage risk, reduce bias and set a CEO up for success.

**DB: What are the most valuable leadership traits for C-suite executives, and what are the dangers to the company if those traits are not exhibited?**

**SVZ:** Leadership is contextual and varies wildly depending on the nature of change needed and the complexity of the business. I think that the phase of the superstar CEO is on the decline, and increasingly we're working with clients to look at what traits the whole executive team needs to bring together in concert, rather than expecting the CEO to bring it all. In recent years, we've seen CEOs

being tested in new ways, particularly in relation to ESG and DEI. These challenges, on top of the core of the role —creating strategy, building alignment and mobilizing the workforce — have added a greater complexity of moral and ethical dimensions to decisions as well as a more complex stakeholder map to navigate. It's certainly not an easy time to be a CEO, and nobody is ever fully "ready" for the role. CEOs must build a network of support to continue growing and learning in the role. It's very difficult to get honest, unfiltered and independent feedback as a CEO, so mechanisms must be put in place to monitor progress of the "what," but also the "how," of their leadership.