

## 21 CEO Succession Planning Best Practices

### 1. Start Succession Planning Early

Starting early is crucial because it allows sufficient time for identifying, developing, and grooming potential leaders. Early planning prevents rushed decisions and ensures smoother transitions.

“The key to successful succession planning is starting early, particularly for large, publicly listed companies, where foresight can span several years.”

**Elke Hoffman**  
*Head of Egon Zehnder's Munich office and leads the CEO & Board Advisory Practice in Germany.*

### 2. Engage Your Board of Directors

Active board involvement ensures that succession planning aligns with the strategic direction and governance of the organization. It also secures necessary resources and support for the plan's execution.

“Engaging the board in regular succession planning discussions ensures accountability and strategic alignment from the top down.”

**Michael Meier**  
*Co-head of Egon Zehnder's global Family Business Advisory.*

### 3. Assess Current Leadership Gaps

Identifying gaps in leadership capabilities allows organizations to tailor development programs effectively and ensure that potential leaders can meet future challenges.

“Understanding current leadership gaps is essential for shaping a responsive succession strategy that addresses both immediate and future needs.”

**Caitlin Hughes**  
*Consultant for Egon Zehnder's Digital, Media and Technology, and Board practices.*

After you've identified these gaps, you'll want to...

### 4. Create a Leadership Development Program

Structured development programs are essential for equipping potential leaders with the necessary skills and knowledge to lead effectively. These programs also help in retaining top talent by providing career growth opportunities.

“Developing internal talent through structured leadership programs prepares individuals for future roles, enhancing both capability and confidence.”

**Elke Hoffman**  
*Heads of Egon Zehnder's Munich office and leads the CEO & Board Advisory Practice in Germany.*

### 5. Align Succession Plans with Business Strategy

Alignment with the business strategy ensures that the leadership pipeline supports the organization's long-term objectives, fostering growth and stability.

“Succession planning must be a strategic extension of the company's long-term goals, ensuring future leaders can carry forward the vision.”

**Michael Meier**  
*Co-head of Egon Zehnder's global Family Business Advisory.*

### 6. Diversify Your Leadership Pipeline

Diversity in leadership brings different perspectives and ideas, which can drive innovation and reflect the demographic diversity of the market and workforce.

“Integrating diversity into the leadership pipeline enriches decision making and mirrors the broader market and society – but diversity encompasses much more than gender and race. It's important to consider candidates across the spectrum of capabilities, ways of thinking, and experiences. By looking at a diverse range of candidates, you could uncover a successor that no one expected, but who will do great things for your organization's future.”

**Michael Meier**  
*Co-head of Egon Zehnder's global Family Business Advisory.*

## 7. Conduct Regular Talent Reviews

Schedule reviews consistently to keep track of the development progress of potential successors and help in making proactive adjustments to the succession plan as needed.

“Regular talent reviews help in tracking the development progress of potential leaders and making informed decisions about succession. This process also helps to identify gaps that potential successors may have, and develop their skills over the years to come so they may fill a vacancy down the line.”

**Caitlin Hughes**  
*Consultant for Egon Zehnder’s Digital, Media and Technology, and Board practices.*

## 8. Create Cross-Functional Opportunities

Exposure to different parts of the business helps potential leaders understand the organization comprehensively, enhancing their ability to make informed strategic decisions.

“Exposing potential leaders – such as the CFO participating in CEO decision making processes – allows for better cross-functional role development and greater understanding of the business at a holistic level.”

**Elke Hoffman**  
*Heads of Egon Zehnder’s Munich office and leads the CEO & Board Advisory Practice in Germany.*

Looking for more guidance on what this would look like? Check out our guide for [CFO succession planning](#) to learn more about how this C-suite role often seeks a CEO seat after their tenure leading the financial elements of their company. This insight demonstrates exactly how cross-functional learning leads to better long-term leadership.

## 9. Establish Clear Metrics for Success

Clear metrics enable the organization to measure the effectiveness of the succession planning process and make data-driven improvements. The Board should be driving this conversation, determining the criteria for which a potential successor will be evaluated against.

“Setting clear, measurable outcomes for your potential successors, as well as the succession initiative as a whole, ensures that they are achieving intended goals and contributing to organizational health.”

**Elke Hoffman**  
*Heads of Egon Zehnder’s Munich office and leads the CEO & Board Advisory Practice in Germany.*

Need support in determining the criteria for your executive succession plan? Check out our [insight](#) on this topic.

## 10. Plan to Adapt Your Plan

Flexibility in the succession plan allows the organization to adapt to unexpected changes in leadership needs without significant disruptions. The ability to be nimble and adapt as you go through the process will lead to a better outcome and ensure you put the right people in the right roles when the time for that succession comes.

“Flexibility in succession planning allows for adjustments as business needs evolve and new challenges emerge.”

**Michael Meier**  
*Co-head of Egon Zehnder’s global Family Business Advisory.*

## 11. Make Use of HR Data and Analytics

Data and analytics provide insights into the performance and potential of leaders, supporting more informed and objective decision-making in the succession process.

“Leveraging HR data and analytics provides a data-driven foundation for decision-making in succession planning. For example, your company’s HR platform could be used to evaluate capabilities and competencies of potential internal successors, and track their development over time.”

**Caitlin Hughes**  
*Consultant for Egon Zehnder’s Digital, Media and Technology, and Board practices.*

## 12. Address Potential Legal Implications

Considering the legal aspects ensures that the succession planning process complies with all relevant laws and regulations, minimizing risk. For example, perhaps a potential external successor is in a binding contract for a certain period of time – it’s important to have the full lay of the land and understand any legal implications of decisions before moving forward.

and capable of effective leadership continuity under any circumstances.

“Preparing for both planned and sudden leadership changes ensures the organization remains resilient and capable of smooth transitions. Conversely, only planning for best case scenarios could leave your Board and organization in a very tough place.”

**Elke Hoffman**

*Heads of Egon Zehnder’s Munich office and leads the CEO & Board Advisory Practice in Germany.*

resistance to change, and ensures that all stakeholders are aligned and supportive, including the CEO.

“Open communication about succession plans reduces anxiety and resistance, fostering a culture of transparency and inclusion. This shouldn’t be something that the Board speaks about in hush hush conversations, but rather an open process that involves the CEO from day one of their tenure, to the Board and CEO are always prepared for unexpected changes in leadership needs.”

**Caitlin Hughes**

*Consultant for Egon Zehnder’s Digital, Media and Technology, and Board practices.*

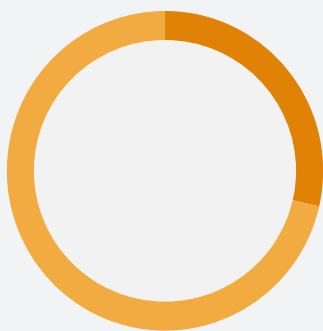
## 13. Plan for Both Planned and Unplanned Transitions

Preparing for both scenarios ensures that the organization remains stable

## 14. Foster Open Communication

Transparency in the process builds trust within the organization, reduces

Planned vs Unplanned Events



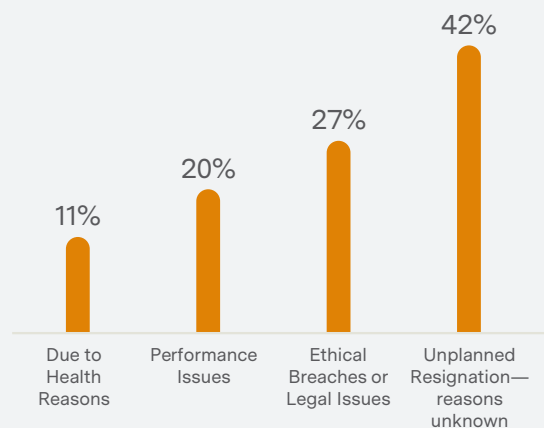
**30%**

Unplanned

**70%**

Planned

Percentage for Unplanned Events



## 15. Consider the Unique Dynamic of Family-Owned Businesses

Tailoring [succession strategies to the unique dynamics of family-owned businesses](#) helps preserve family legacy while driving future growth – and it's highly recommended to have a [family business advisory](#) mechanism when making decisions to preserve family relationships and long-term business success.

“Family-owned businesses require tailored succession approaches that respect familial relationships and other family-owned assets, while prioritizing the business's future needs. This balance is more nuanced when considering deep family relationships and how those play out in a business setting.”

**Michael Meier**  
*Co-head of Egon Zehnder's global Family Business Advisory.*

For more guidance on family-owned business succession and the importance of keeping “family” in family business, check out our [insight](#) that covers this topic in detail.

## 16. Implement Peer Mentoring Programs

Peer mentoring enriches the developmental process, offering potential leaders insights and learning from experienced colleagues. This is especially critical for leaders who are in consideration for new roles in the future. Allow them to learn from the people they'll be succeeding one day so they're prepared when that day comes.

“Peer mentoring supports leadership development by sharing knowledge and experiences, crucial for preparing successors for the day they take on that new role.”

**Caitlin Hughes**  
*Consultant for Egon Zehnder's Digital, Media and Technology, and Board practices.*

## 17. Consider Succession Planning for Non-Leadership Roles

As mentioned earlier, the C-suite is typically the primary focus for succession planning – but the truth is that extending succession planning to include non-leadership roles ensures all critical functions are covered, maintaining operational continuity.

“Succession planning should also encompass critical non-leadership roles to ensure all areas of the business are prepared for future changes. Think about it – if you have someone in an executive role step in for a CEO who is leaving, that will have a cascading effect throughout your organization, showing the importance of succession planning at all levels. It's critical to think organization-wide in this planning process.”

**Michael Meier**  
*Co-head of Egon Zehnder's global Family Business Advisory.*

## 18. Stay Up to Date on Industry Trends

Understanding current and emerging industry trends ensures that the leadership pipeline is capable of navigating

future market conditions. Sometimes this can feel like a moving target – especially at the rapid clip that technology changes these days – but having a leader that can understand and adapt to industry trends and changes is crucial for the success of your future business.

“Staying informed about industry trends ensures that succession plans align with current and future market conditions – we can't stress enough how important adaptability and curiosity are in this process. Your future leader should possess both.”

**Caitlin Hughes**  
*Consultant for Egon Zehnder's Digital, Media and Technology, and Board practices.*

## 19. Go External to Fill Gaps

In most instances, nurturing succession talent internally is preferable – but sometimes, if the right successor isn't coming to fruition, bringing in [external talent](#) can introduce new skills and perspectives. In turn, this could enrich your talent pool and help move your organization forward.

“External recruitment can be necessary to bring in fresh perspectives or specific skills that are not currently available within the organization. This should be done with the utmost care, and as much pre-planning as possible to ensure that an external successor will be the right fit for your business and culture.”

**Michael Meier**  
*Co-head of Egon Zehnder's global Family Business Advisory.*

## 20. Start Early, Dig Deep

Effective CEO succession planning requires more than timely decisions – it demands an [early start and deep integration](#) into the organization's fabric. By beginning the succession process early, boards can systematically develop and evaluate potential leaders throughout their careers, ensuring a ready pool of capable candidates well before the need arises.

“The best successions are those that start early and go beyond superficial evaluations to truly understand and develop the depth of leadership talent. This approach a) prepares candidates for the unique challenges ahead and b) aligns their growth with the strategic needs of the organization.”

### **Elke Hoffman**

*Heads of Egon Zehnder's Munich office and leads the CEO & Board Advisory Practice in Germany.*

## 21. Utilize the Unbiased View of External Consultants

External consultants provide objective assessments and fresh insights, which can help overcome internal biases and bring best practices to the succession planning process.

“External consultants – like all of us at Egon Zehnder – offer an unbiased perspective, essential for ensuring the integrity and effectiveness of the succession planning process. We'll help you look at candidates with an objective view point, ensuring that your biases are not coming through in your decision. We'll also act as collaborative partners to bounce ideas off of as you go through this crucial planning process.”

### **Caitlin Hughes**

*Consultant for Egon Zehnder's Digital, Media and Technology, and Board practices.*

## About Egon Zehnder

Egon Zehnder is the world's preeminent leadership advisory firm, inspiring leaders to navigate complex questions with human answers. We help organizations get to the heart of their leadership challenges and offer honest feedback and insights to help leaders realize their true being and purpose.

We are built on a foundation that supports partnership in the truest sense of the word and aligns our interests with the interests of our clients. Our 600 consultants across 66 offices and 36 countries are former industry and functional leaders who collaborate seamlessly across geographies, industries and functions to deliver the full power of the Firm to every client, every time.

We partner closely with public and private corporations, family-owned enterprises, and non-profit and government agencies to provide executive search, leadership solutions, CEO search and succession, board advisory, and diversity, equity & inclusion.

Our services include discovering leaders, developing leadership, advancing governance, shaping successions, and unlocking transformations. We partner with Mobius Executive Leadership to offer highly experiential, personalized and transformational programs for senior leaders.

We believe that together we can transform people, organizations and the world through leadership.

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