A new breed of executives is needed to thrive in challenging times. Is your succession plan enough?

Building the bench: Strategic planning for CEO and executive succession
The heart of the matter

Putting the right talent at the top is critical for boards and CEOs who need to ensure their companies thrive in today’s dynamically changing landscape. Disruptive technologies, changing customer expectations, and regulatory scrutiny are transforming the game. To compete and win, companies need to cultivate executive talent and teams that can recognize and seize strategic opportunities in constantly shifting conditions. Do you have a succession process that can put the right talent at the top?

You’re the chief executive of a major corporation. Recent regulatory changes are taking a significant bite out of your company’s profitability, and it feels like your risk and operational leaders are constantly scrambling to develop new capabilities to meet the regulatory expectations. You are in the middle of a major platform integration, building the next-generation system to link and interface your operations and customer data across product areas. Navigating the data governance and control issues across your business is proving to be a challenge.

At the same time, new companies and technologies are coming out of the woodwork that could impact your core services and drive major change in channels. Your board wants to understand the strategy for 2020 and how the management team plans to partner with these companies and integrate technology innovations in the delivery model.

As you look at the long list of strategic priorities and the leaders around your table, you start to wonder if your team has the background and experience to address these critical issues. Do we have the knowledge, depth, and capacity in our leadership team to deliver on our priorities? Is the team we have now the right set of leaders to deliver our future?

To successfully lead in extraordinary times, many companies will need to rethink how they develop executive leadership. It’s not enough to rely on the predictable cadre of up-and-comers. Different kinds of people are required today, individuals who bring a diverse set of capabilities and who can come together as an integrated, high-performing team to anticipate and capitalize on dynamic changes in the business landscape.

It’s not just top management that may need to change, but also those tasked with identifying, grooming, and managing executive succession. Everyone from the CEO and the board to the chief human resources officer (CHRO) and incumbent executives will need to adjust to these evolving responsibilities, develop executive talent, and bolster their ability to manage succession.
Among the most compelling reasons for companies to more effectively manage executive succession is its impact on shareholder value. According to a recent study by Strategy&, companies that are forced to replace their CEO through poor planning forgo on average $1.8 billion in shareholder value, compared with those that implement leadership changes through a planned CEO succession process. The study also found that companies in the lowest quartile of performance, measured by total return to shareholders, had characteristics of poor succession processes, and they forced out their CEOs more than twice as often.¹

In this paper, we will discuss the trends driving the need for change in executive succession management, summarize our observations of common pitfalls, and describe a set of guiding principles that will enable you to reap the benefits of well-managed CEO and executive succession (see Figure 1).

¹ Strategy&, “2014 study of CEOs, governance, and success & The value of getting CEO succession right,” April 14, 2015.
An in-depth discussion

Key drivers of change in executive succession management

We see three factors driving companies to rethink the structure and composition of their C-suites and to strengthen their processes for managing CEO and executive succession: continuing disruption in traditional business models, increased regulatory and shareholder scrutiny on executive succession, and changing roles of those involved in succession planning. Let’s examine each.

Disruption in traditional business models is creating the need for a different set of executive capabilities.

Although the forces shaping the competitive landscape vary across industries, a few common trends drive changes in business models and impact the kind of executive talent that is needed for companies to achieve and sustain success. Those cross-industry trends and executive talent implications include:

- **Accelerating advancement of technology, big data, and innovation.** New technologies, an enhanced ability to accumulate and analyze data, and the ability to engage with customers through multiple channels are driving innovation in products, services, and business models. To benefit from these advancements, companies need forward-thinking, tech-savvy executives who have the ability to leverage analytics and envision business strategies that don’t exist today but will drive growth tomorrow.

- **Changing customer expectations.** Customers have become more connected, more demanding, and less loyal. To benefit from these trends, companies need executives who know how to gain insights into current and future customers, create new business models that leverage those insights, and develop a brand that earns the sustained trust of customers and society at large.

- **Sustained regulatory pressure.** Dealing with increased regulatory scrutiny has become an essential part of doing business for many companies. Going forward, companies will need executives who can anticipate regulatory concerns, constructively engage with regulators and government officials to help shape industry-wide policies, and understand how to identify and build risk mitigation into their ongoing business models and processes.

Regulatory expectations for executive succession have raised the stakes.

The US Securities and Exchange Commission (SEC) and other regulators have identified executive succession planning as a fundamental duty of the board, as well as part of the larger risk management picture. Companies must demonstrate that they have processes in place to support continuity of strong executive talent. Otherwise, they run the risk of regulatory sanctions, diminished trust among investors, and potentially declining stock prices.
The roles of those involved in succession planning are changing.

Boards today have greater responsibility for CEO and executive succession planning. CEOs, many of whom had previously owned the process, are determining how to adjust their roles and collaborate effectively with the board. Other C-suite executives are being asked to more aggressively and effectively develop potential successors and stronger supporting executive teams.

Common pitfalls

Although many have made strides in establishing effective succession management practices, we continue to see some common missteps. They include the following:

- **Isolating CEO succession planning.** At several companies, CEO succession is designed and implemented in a way that is disconnected from broader leadership development strategies and programs. The board or CEO, with the intent of not distracting the organization, may end up working too much in isolation, making succession plans without sufficiently leveraging or contributing to the design of programs and processes for developing leaders throughout the organization.

- **Failing to define and establish the right roles and responsibilities for the process.** Even as the roles of the board, CEO, CHRO, and incumbent executives continue to shift, many companies fail to clarify these roles and involve the right people in an effective way. In some cases, boards own the CEO succession process but lack information or insights to make fully informed decisions. In other cases, the CEO is given license to pick a successor, without tapping into meaningful input and eliciting constructive challenges. All too often, the CHRO is not “a player” in the process, and incumbent executives don’t take ownership for developing successors.

- **Developing executives for yesterday’s market.** Some companies evaluate and develop successors against a dated set of criteria. Those companies that use forward-looking profiles to evaluate and decide on succession candidates are ahead of the game.

- **Checking the box for regulators.** Some companies are treating succession planning as a “check-the-box” exercise merely to show regulators they have a succession plan. Companies should go beyond compliance, defining and implementing a robust succession process that builds talent as a competitive advantage.

- **Creating pseudo-succession plans.** Typically, succession processes result in a set of professional-looking documents showing color-coded organization charts that describe key positions, the people who are potential successors for those positions, and their level of readiness to move into those positions. All too often those succession plans look good on paper but fail to tell an accurate story. They are based on ineffective assessment methods, superficial discussions of succession candidates, and development plans that lack the right activities for building the specific knowledge, skills, and behavioral maturity required for people to move into future roles.
Getting real about developing talent

After missing the mark by bringing in an external CEO successor who couldn’t cope with the company’s culture, the board and the CEO recognized the need to infuse talent development into the organization. The chairman and lead director established a board committee on executive succession that collaborated with the CEO and CHRO to design and implement a process that became the platform for leadership development. The committee met quarterly and engaged the full board in its work. Selected directors began meeting with high-potential executives to support their development. The CEO also instituted organizational reviews on business strategies, organizational structures, leadership positions, talent, and succession plans. Succession management is now part of the ongoing “rhythm” of management practices, the company has a stronger bench, and the retention rate of high-potential leaders has significantly increased.

Our approach to succession planning

The set of guiding principles for managing CEO and executive succession that we outline below can help companies accelerate development of their leaders to gain a competitive edge today and in the future. We also provide examples of how we have seen companies put these principles into action.

Build succession management into your organization’s DNA.

Companies that consistently outperform their competition often do so because they have a pipeline of solid, high-performing leaders who build on the success of their predecessors. In those companies, directors, CEOs, and executives establish and sustain talent development as a priority. It’s often a significant part of their meeting agendas and management processes. They don’t need to be reminded by HR to initiate and complete various tasks related to succession planning. They do it because they know it’s critical to the success of the business and an important responsibility of an enterprise leader. It has become part of the culture because leaders have made it a part of their ongoing dialogue.

Approach CEO and executive succession as a team sport.

Boards, CEOs, and CHROs today need to take on different responsibilities and capabilities for executive succession than in the past. Companies can avoid wasted time and unnecessary conflict when the chairman and CEO take the time upfront to define responsibilities and accountabilities for the process, and then set expectations that everyone will work as a collaborative team.

Although the roles and responsibilities will need to be tailored for each company’s circumstances, here are guidelines to follow when defining executive responsibilities.

Board of Directors

Own and manage the process. The board owns and is ultimately responsible for managing the process, including defining the profile of the future CEO and the selection criteria, collaborating with the incumbent CEO on developing internal candidates, overseeing an external search, making the final decision about the selected CEO, and managing the transition process.

Choose the right director to lead the process and manage political dynamics. Few corporate processes stir up stronger opinions and foster more political activity than selecting a CEO successor. Who should lead the process? Although it could be the board chair, lead director, or chair of a subcommittee, the choice of the specific individual is more important than the position he or she holds. This person needs a combination of business savvy, process discipline, objectivity, and the ability to constructively facilitate impassioned discussions among a group of powerful constituents.

Building the bench:
Strategic planning for CEO and executive succession
Get to know and directly contribute to the development of executives. Although the CEO has primary responsibility for developing CEO successors and executive talent, directors should regularly review and advise on the executive development process, get to know and support the development of high-potential individuals, and advise the CEO. Collectively, the CEO and board should find creative vehicles for directors to engage with executives that go beyond the typically heavily scripted situation of having executives present in board meetings. For example, the CEO might ask executives to be on-point in addressing critical issues or opportunities, and then engage selected directors in advising on those issues. They might also arrange lunches, dinners, or other social events to engage outside board meetings.

**Chief Executive Officer**

*Share responsibility with the board.* Historically, CEOs have had much more influence, if not complete control, over the process of replacing themselves. Over the past decade, boards have taken ownership of the process, and there continues to be a good deal of tension in some organizations about who owns and does what in the succession process. Ideally, the board owns the process but collaborates with the CEO. Together, they define the future CEO profile, identify and develop internal candidates, and evaluate outside candidates. The board assesses those candidates and ultimately decides on the next CEO, giving due consideration to the incumbent’s point of view about the potential successors. The CEO also helps manage the transition in a way that positions the next CEO, and the company, for success.

Get the executive team to collectively own and manage executive talent across the entire enterprise. Executive team members should be expected to identify and collectively review high-potential talent across all parts of the organization, and those future enterprise leaders should be given the opportunity to take roles in different units to accelerate their development.

**Chief Human Resources Officer**

*Define the approach.* The CHRO should bring the strategic know-how and technical expertise to the succession process. Ideally, he or she should collaborate with the CEO and chair of the board’s succession planning committee to design best-fit practices, provide the methods and resources to implement the approach, and keep the board informed about progress. The CHRO also is important in identifying and developing executive talent.

*Be a player—engage the board and influence the decision.* Although boards have ultimate responsibility for CEO succession, they often have limited visibility about how company leaders actually behave in leadership roles. The CHRO can help fill that void by providing a window for the board into the company’s leadership. To play that role, the CHRO needs to maintain a strong relationship and trust with the CEO while at the same time providing an independent perspective and point of view with the board.
Wrestling for ownership, then becoming a team

Having seen prior attempts falter, the CEO mapped out a new process for CEO and executive succession, and then took it to the board. The directors were appreciative of the CEO’s initiative, but they let him know that they own the CEO succession process and would decide how to design and manage it. Through ongoing dialogue, the CEO and board came to an agreement about who would do what. The board created an ad hoc committee on CEO succession chaired by a former executive of one of the world’s leading financial services businesses. The committee chair mapped out the process and established the role of the CEO as a collaborator. The CHRO helped design the process and became an important window into the organization for the board. The keys to success in this situation were the committee chair’s ability to manage the political dynamics among directors, as well as the CEO’s willingness and ability to adjust his role and focus on the development of internal candidates.

Other Executive Leaders

All key executives ideally can contribute to an executive succession planning process.

*For CEO candidates: take stock, commit to your development, and manage yourself while under a microscope.* There are a few questions that potential CEO candidates should consider before agreeing to put their hats in the ring. Do you really think you have what it takes to succeed as CEO? Are you willing to deal with the dramatic changes in your personal and professional life that will come with the top job? Can you deal with the unparalleled scrutiny that comes with being a CEO succession candidate? If so, CEO candidates should lean in to the assessment process, clarify the vital few areas in which they need to focus their development, and proactively engage in enhancing and demonstrating their capabilities.

*For executive succession candidates: proactively accelerate your own development.* Candidates should anticipate and create opportunities for their career advancement, objectively assess their own strengths and limitations, and proactively create and implement development plans that will help them achieve the goals they have set in their current roles and develop the capabilities they will need to advance their careers.

*For all executives: invest in developing your successors.* Whether at the front-line supervisor or executive level, the person with the greatest impact on an individual’s development is his or her boss. Incumbents in key positions should identify and assess successors, create tailored development plans, establish roles or project assignments to provide development opportunities, offer coaching/mentoring, and secure the resources required to advance successors’ development.

Building the bench:
Strategic planning for CEO and executive succession
The board should play an active role in ensuring that the company develops a cohesive team at the top that can drive success for years to come. As one of our director clients put it, “The board’s role is to ensure that we have a high-performing team of executives who will work well with the next CEO, whomever that might be.” By providing oversight to both CEO succession and executive development, the board can help ensure that there are strong leaders in individual roles and that those executives bring skills that complement each other and the CEO. These two processes should be aligned.

For example, Figure 2 shows an overview of the multiyear process that one company used to select an external CEO who brought in additional top-level talent to complement the existing team. Collectively, that team more than doubled the value of the company’s stock over a three-year period.

Figure 2: Illustrative example of a multiyear process to align and integrate CEO succession and executive development.
Executive succession processes should be part of a forward-looking leadership development strategy that defines and continuously renews future leadership requirements. We believe there is a core set of executive capabilities that will be needed for future success. However, we also believe that each organization should complete the ongoing due diligence of defining and continually refining its leadership requirements to align with the future direction and strategy (see Figure 3).
Future executive capabilities

When defining leadership requirements as part of the overall executive development strategy, the following critical roles and capabilities are a sample of what we have observed in the C-suites of successful companies.

Figure 4: Illustrative example of core executive capabilities that will be needed for future success.
<table>
<thead>
<tr>
<th>Role</th>
<th>Future requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO/business unit leaders</td>
<td><strong>Trust:</strong> Is widely trusted; fosters high-integrity relationships with the board, leadership team, investors, regulators, and society at large. <strong>Strategic agility:</strong> Focuses on seeing around the corner; anticipates emerging customer needs, changing market and competitive dynamics, future business models, and emerging partnerships. <strong>Change leadership:</strong> Articulates a compelling vision; inspires transformational change; defines a path forward with the appropriate balance between improving current processes and operations and exploring new avenues and disruptive strategies.</td>
</tr>
<tr>
<td>Operational leaders (COO/other operational leaders)</td>
<td><strong>Organizational agility:</strong> Brings deep understanding of operational requirements for enterprise strategies and the ability to adjust the structures, systems, processes, metrics, and governance models to enable effective execution of different business models and shared services. <strong>Strategic efficiency:</strong> Continuously improves process efficiency; strategically invests in improvement efforts that create value for the business. <strong>Execution:</strong> Sets clear and appropriate performance targets; drives and manages execution to consistently deliver results.</td>
</tr>
<tr>
<td>CFO</td>
<td><strong>Business insight:</strong> Leverages financial, market, and operational data and predictive modeling to identify opportunities to grow the business. <strong>Operational value creation:</strong> Establishes processes and systems to provide real-time financial data and analyses that drive effective, agile operations. <strong>External stakeholder engagement:</strong> Engages with investors, analysts, and the financial community to build trust in the company’s financial management.</td>
</tr>
<tr>
<td>CMO (or Chief Customer Officer)</td>
<td><strong>Customer experience:</strong> Brings together data, business expertise, and technology through the lens of the customer to define services/products that provide value. <strong>Innovation:</strong> Creates/fosters disruptive change across customer, product, sales, and distribution channels. <strong>Lateral leadership:</strong> Brings together colleagues from disparate parts of the business; navigates politics; bridges organizational silos to advance the customer agenda.</td>
</tr>
<tr>
<td>CDO</td>
<td><strong>Data-driven insight:</strong> Brings a passion and the ability to develop and deliver a data-driven perspective and insights to drive business results and anticipate and manage risk. <strong>Technical architecture:</strong> Develops enterprise standards, platforms, and processes to manage data, with an eye toward reducing redundancies and manual processes. <strong>Data governance:</strong> Develops and manages sound governance, policies, and procedures that productively engage business, customer, and IT groups.</td>
</tr>
<tr>
<td>CIO</td>
<td><strong>Business-technology strategy:</strong> Brings a broad and diverse set of business experience; understands current and emerging technology, analytics, and data mining, and can articulate the opportunities and threats they pose for the business. <strong>Talent acquisition and development:</strong> Proactively builds the talent pool (internally or through external partnerships) to maintain and grow technical capabilities. <strong>Strategic investment:</strong> Possesses expertise in investment allocation, developing business cases, and managing ROI on future technology investments.</td>
</tr>
<tr>
<td>CHRO</td>
<td><strong>Business-human capital strategy:</strong> Develops talent strategies to execute business strategies, leveraging workforce data and analytics. <strong>Culture stewardship:</strong> Advises and facilitates CEO and executive team efforts to define and create a culture that fosters engagement and enables execution of the business strategy. <strong>Enterprise leadership:</strong> Is an enterprise executive who is trusted and relied upon by the board, executive team, and employees for direction on organizational and people-related issues.</td>
</tr>
<tr>
<td>CRO</td>
<td><strong>Business and regulatory insight:</strong> Leverages a deep understanding of the business’ operational processes and regulatory expertise to translate regulatory expectation into business impact. <strong>Enterprise leadership:</strong> Acts as an enterprise executive who is trusted and relied upon by the board, executive team, and employees for direction on regulatory and risk-related issues. <strong>Collaboration:</strong> Builds strong, trusted relationships with regulators and key business and operational leaders; facilitates alignment among key constituents.</td>
</tr>
</tbody>
</table>
Succession plans often fail to position and develop the right people in the right roles at the right times because the initial assessment of candidates is superficial or flawed. Although there is no universal formula, leading companies typically gather input for individual assessments through performance reviews, 360-degree ratings and interviews, self-assessments, psychometric instruments, and in some cases observation from simulations or assessment centers.

Many companies that excel at succession management take the assessment process one step further by conducting some form of group evaluation of candidates. Small groups of people who have direct observations of individuals in leadership roles are brought together and discuss a series of structured questions that draw out examples of the way in which individuals demonstrate critical competencies, values, and behaviors. We find that this approach not only yields real and useful data but also broadens knowledge about talent across the organization.

Finding hidden gems and retiring sacred cows

An iconic company had fallen on hard times. The newly appointed CEO redefined the company’s strategy, and then restructured the organization to better compete in a dramatically changing business environment. He saw that people were promoted based on tenure and/or personal loyalty to their bosses. Having recognized that his organization lacked executive leadership, he launched an executive talent review that ultimately resulted in a transformation of the leadership talent in the organization. Previously unnoticed but talented leaders surfaced and were placed in key leadership positions. Executives who were underperforming or poorly suited for the future were moved out of their jobs.
The most effective approach to developing leaders is to provide them with assignments that require skills they will need for future success. Included along with this is coaching, ongoing feedback, and transfer of knowledge on priority topics. Although education and group learning can help provide direction, the majority of developmental activities should be based on learning through experience (see Figure 5).

Potential successors for key executive positions should review their assessments with their managers, and then collaborate with HR to create a customized individual development plan. This can identify the developmental objectives, along with assignments that accelerate their readiness to move into future roles. Coaching and mentoring can come from peers, bosses, or board members with content knowledge, leadership savvy, and the ability to constructively challenge and provide advice and counsel that accelerates development in key areas.

Accelerating development of a future CEO

A company’s CEO, retiring within a three-year period, had identified a few internal candidates who were talented but several years away from being ready to take on a CEO role. To accelerate development, one candidate was tasked with generating 50% of the company’s revenue from outside of the US within a three-year period, as well as managing external relations to support that growth. The candidate’s development plan included creating products tailored to emerging markets; regular coaching sessions with the CFO on managing the P&L of a complex global business; helping the CFO and CEO prepare for and deliver presentations to analysts and shareholders; and collaborating with the head of government relations to engage officials in emerging markets. The board decided to go outside to hire the next CEO, but through the development process, the internal candidate developed the skills and confidence to become a CEO. After staying with the company for a few years, the candidate took the role of CEO with one of the company’s business partners and continued to contribute to the value of the company in that role.
Development plans for CEO candidates and future executives

When creating development plans, the majority of activities should be focused on experiences, followed by feedback and assessment of their progression and other learning opportunities. Below is a sample of activities that can help accelerate growth into future roles.

**Figure 5: Executive development architecture.**

- **Experiences** (70%)
  - Increased job scope
  - Increased scope in decision-making
  - Increased budget responsibility
  - Exposure to senior leadership
  - Full job change
  - Lead and/or teach others
  - Lead or participate in a taskforce, project team, or advisory board
  - Community involvement
  - Special assignment
  - Research and present recommendations

- **Assessment and feedback** (20%)
  - Feedback from manager
  - Performance assessment
  - 360-degree feedback
  - Mentoring
  - Coaching
  - Growth planning

- **Education** (30%)
  - Training programs
  - Seminars/conferences
  - University programs
  - E-learning
  - Self study
Assessments of executive candidates should be based on a robust, multimethod assessment and candid conversations among people who have had direct observations of them. Candidates should then be compared against each other. Boards can drive more fully informed and strategic decisions by conducting and discussing succession scenario analyses that map out the potential implications of choosing one CEO candidate over others (see Figure 6).

Figure 6: Succession scenario analysis promotes informed strategic decisions.

Key questions the board should consider when analyzing the “succession scenarios” for each candidate:

- What is the likely future structure of the organization and composition of the executive team?
- What executives would move into which roles, and where would there be gaps?
- How well would team members work together?
- What will be the perspective of key stakeholders, including investors, analysts, customers, and company employees?
- Overall, what are the risks and benefits associated with the selection of each candidate?

Analyzing benefits and risks to drive decisions

After a robust assessment of several candidates, one of whom was external, the board concluded that the external candidate’s experience and skills were the best fit for the company’s future requirements. However, they also believed that bringing in an external CEO might lead to the departure of many of the current senior leaders. A robust scenario analysis led the board to the conclusion that the risks associated with the likely team member departures were worth taking—that their selected CEO had the leadership and management skills to retain critically important executives and could win the hearts and minds of the rest of the organization and shareholders. Two years after the appointment of the external CEO candidate, the company’s stock had more than doubled.
Managing factions and aligning the board

Board members were divided about whom to choose as the next CEO among internal and external candidates. A handful of board members believed strongly that none of the internal candidates were even close to being ready. Others attempted to promote their internal candidate through offline discussions with selected directors. The CEO was on the fence, feeling a strong commitment to the internal candidates but recognizing their limitations. Factions of leaders within the company were fiercely loyal to the internal succession candidates and were indirectly lobbying for their selection. To manage the dynamics, the selection committee chair commissioned final independent assessments of candidates, developed succession scenario analyses, met individually with each director and the CEO to draw out their perspectives, and then facilitated candid discussions among directors to develop a consensus on the selection. The selection committee chair was able to successfully manage the dynamics in a way that worked out well for the company.

Similarly, there are always personal and interpersonal dimensions of succession that come into play. For example, CEOs may be dealing with a reluctance to let go or trying to ensure that candidates they have close relationships with are in the line of succession. Some internal candidates may go through a rollercoaster of emotions, and if they were not selected, it could lead to unwanted departures. Ideally, the chair or director leading the succession process recognizes the political and emotional dynamics, and then engages key constituents through individual conversations and well-facilitated group discussions.

Effectively managing succession at senior levels of an organization requires going beyond the “rational” process of identifying requirements and assessing the appropriate fit of each candidate. It’s never a purely logical process. Numerous constituents, including subgroups of the board, activist shareholders, or powerful coalitions within the company, inevitably will attempt to influence the decision. The resulting political dynamics need to be managed in a way that leads to the right decision for the company and a successful transition in leadership.
What this means for your business

In today’s complex and dynamic environment, investing time and attention to acquire and groom the right bench of talent at the top is a critical priority. Failing to effectively manage executive succession invites the risk of vacancies in key executive positions that may damage performance, erode investor and regulator confidence, and raise concerns among employees about the effectiveness of company management and opportunities for their own advancement within the firm. Getting executive succession right can deliver significant returns, including:

- **Bench strength**: A pipeline of “ready-now” successors who can deliver consistently strong business results as market and industry conditions change.

- **Leadership brand**: A “leadership brand” in the market that attracts and retains top talent—people will want to join your company because they have confidence in existing leadership and know they will have unparalleled opportunities to develop as leaders themselves.

- **Investor and regulator confidence**: Consistently effective executive succession will help avoid regulatory scrutiny and build confidence among analysts, investors, and the financial community.

- **Shareholder value**: Ultimately, those companies that effectively manage executive succession are better positioned to create higher and more sustained shareholder value than companies with poor succession processes.

To get started, boards and CEOs of companies should crystalize their strategic visions, take an unvarnished look at their current executives and leadership bench strength, and put a process in place to drive the ongoing assessment and development of executive capabilities that will deliver results today and position the company for future success.

Simply stated, sustainable, systemic, effective leadership succession planning builds competitive advantages and enables long-term business success. Do you have what it takes to take talent to the next level?
For a deeper conversation, please contact:

Bhushan Sethi  
(646) 471-2377  
bhushan.sethi@pwc.com  
https://www.linkedin.com/in/bhushansethi/

Julia Lamm  
(646) 471-6392  
julia.w.lamm@pwc.com  
https://www.linkedin.com/in/julialamm/

Gary Neilson  
(312) 578-4727  
gary.neilson@pwc.com

About us

PwC's people come together with one purpose: to build trust in society and solve important problems.

PwC has the extensive experience needed to advise on the portfolio of business issues that affect the industry, and we apply that knowledge to our clients' individual circumstances. We help address business issues from client impact to product design, and from go-to-market strategy to human capital, across all dimensions of the organization.

PwC US helps organizations and individuals create the value they're looking for. We're a member of the PwC network of firms in 157 countries with more than 195,000 people who are committed to delivering quality in assurance, tax, and advisory services. Find out more and tell us what matters to you by visiting us at www.pwc.com/US.

Gain customized access to our insights by downloading our thought leadership app: PwC's 365™ Advancing business thinking every day.

Follow us on Twitter @PwC_ LLP

A publication of PwC's Financial Services Institute written as a cross-industry publication.

Marie Carr  
Principal

Cathryn Marsh  
Director

Emily Dunn  
Senior Manager

Kristen Grigorescu  
Senior Manager

© 2015 PwC. All rights reserved. PwC refers to the US member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.