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THE READINESS GAP

Why CEO succession breaks down and how boards can build readiness before it is needed



CEO succession remains one of the board's most important responsibilities and one of its most difficult leadership decisions. Despite sustained attention from directors, investors, and regulators, many organizations still struggle to execute smooth leadership transitions when the moment arrives. Our analysis of CEO successions among S&P global large- and mid-cap companies found that roughly **one in four transitions** in 2025 **was unprepared.** These organizations were more likely to experience abrupt CEO departures, less likely to have a ready internal successor, and gave incoming CEOs far less time to prepare for the role.

The findings suggest the challenge extends beyond succession planning. Many boards have plans. Fewer have built the conditions that support effective decision-making when timing, circumstances, or leadership needs change. The issue is increasingly one of succession readiness rather than succession planning.

As the strategic cycle shortens and CEO leadership mandates evolve more quickly, succession readiness is emerging as a distinct governance capability. Organizations increasingly need the ability to evaluate multiple leadership options, respond to unforeseen change, and manage transitions without disrupting strategic momentum.

CEO Succession is Increasingly Shaped by Uncertainty

For decades, succession planning was largely designed around predictable events. A long-serving CEO approached retirement. The board identified likely candidates. Development plans were created. The transition unfolded according to schedule.

Today's CEO transitions occur in a broader range of circumstances. Strategic transformation, shareholder activism, performance pressure, technological disruption, and shifting stakeholder expectations can accelerate the need for leadership change.

Organizations can no longer assume they will control the timing of CEO succession.

Our findings point to a simple question for boards:

"Could we successfully execute a CEO transition tomorrow if necessary?"

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Signs of Unprepared Successions

One in four CEO successions in 2025 showed **insufficient readiness.** Across markets and ownership structures, the same patterns emerged, pointing to a broad governance challenge rather than an isolated regional or organizational issue.

For this analysis, we defined a prepared succession as a transition in which a qualified successor was identified quickly and was ready to assume the CEO role through a structured handoff. Prepared does not necessarily mean planned around an expected retirement or completed term; it means the organization was ready to act when circumstances called for strategic redirection and leadership renewal.

Against that standard, unprepared successions were associated with greater uncertainty in leadership transition.

Outgoing CEOs in prepared successions served an average of **6.6 years,** and **27%** departed within three years. In unprepared successions, average tenure fell to **3.9 years,** while **57%** departed within three years.

These findings do not establish causation, but they highlight a clear difference in leadership stability. Outgoing CEOs involved in unprepared successions served significantly shorter tenures and were more than twice as likely to depart within three years.

Table 1. Tenure of Outgoing CEOs in Prepared and Unprepared Successions

	Overall	Prepared successions	Unprepared successions
Average tenure	5.9	6.6	3.9
3-year turnover	35%	27%	57%

Succession readiness was also reflected in bench strength. Prepared successions filled **75%** of CEO roles internally, compared with **61%** among unprepared successions.

External hiring may be the right strategic decision. The risk is being forced into the market because the board lacks a viable internal successor.

Prepared boards preserve choice by maintaining ready internal candidates while understanding the external talent landscape.

Succession readiness is often most visible in the transition itself. Prepared organizations named successors sooner and gave them substantially more time to prepare for the role.

Table 2. Timing of Departure Announcement and Successor Naming

Transition milestone	Prepared succession	Unprepared succession
Time from departure announcement to successor naming	15 days	98 days
Time from successor naming to official start date	52 days	14 days

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A longer runway allows incoming CEOs to build critical relationships, understand strategic priorities, establish credibility, and prepare stakeholders for change before assuming full accountability, creating a stronger platform for early impact. When that runway disappears, the new CEO must complete this work while already leading the organization.

Our previous research found that delayed successor announcements were associated with weaker stock performance after CEO turnover. Companies that named successors earlier outperformed those with delayed announcements by 3.8 percentage points in industry-adjusted market performance over the two quarters following the transition. Although this relationship does not establish causation, it reinforces the potential market value of timely, well-orchestrated transitions: readiness can strengthen confidence in leadership change and help incoming CEOs build momentum faster.

Why Succession Readiness Breaks Down

Korn Ferry's 2026 CEO and Board survey found that while **60%** of boards believe succession should be a continuous process, only **17%** review their plans quarterly. As strategy, market conditions, stakeholder expectations, and leadership requirements evolve, this gap suggests that many organizations still manage succession as an episodic planning exercise rather than a continuously refreshed readiness system.

Readiness gaps could emerge in four ways:

Succession timing becomes less predictable.

Many plans are built around an expected retirement or orderly transition. In practice, boards may face CEO change sooner than anticipated because of strategic shifts, performance pressure, activist investors, crises, or personal events. When timing changes, development plans and successor pipelines may not be as ready as the formal plan suggests.

Development can prepare leaders for outdated scenarios.

Traditional succession plans often depend on long development cycles shaped by current strategy or past assumptions. But business conditions can shift faster than those cycles. By the time a decision is needed, the organization may require a different CEO profile than the one the pipeline was designed to produce.

Talent visibility can become too dependent on incumbent-sponsored views.

Incumbent CEOs and senior executives provide essential insight into internal leaders, including performance, potential, and organizational fit. However, if their perspective becomes the board's primary lens, succession planning may concentrate on the most visible or familiar candidates. Boards need independent evidence, external benchmarks, and exposure to a broader range of leaders to avoid mistaking familiarity for readiness.

Emergent response and formal succession can become disconnected.

Emergent leadership transition often focuses on immediate continuity, while long-term succession focuses on permanent leadership development. When these processes are not integrated, boards may lack current candidate evidence, clear interim options, or agreed decision triggers when an unexpected transition occurs. Short-term decisions can then disrupt, rather than support, the longer-term pipeline.

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Making Succession Readiness Operational

Modern succession practice should prepare the organization to meet an evolving leadership need—whenever and however it arises.

Building succession readiness requires the board, CEO, and CHRO to work closely. The board owns the mandate and decision, the CEO develops enterprise talent and provides exposure opportunities, and the CHRO integrates strategy, talent evidence, and transition readiness into a continuously updated system. Effective succession practice separates decision authority from incumbent influence while integrating talent intelligence across the board, CEO, and CHRO.

1. Govern from strategy and scenarios

Positive succession outcomes begin with clarity and alignment in the boardroom. Yet boards often start with the wrong question: What does the ideal CEO look like? That framing assumes leadership requirements are fixed and universal. The more consequential question is: What kind of leader do we need to advance our next strategic objectives? Without a shared view of strategic priorities and near- and long-term business goals, directors may disagree on selection criteria, the board–CEO relationship may begin on uncertain footing, and investors may question the direction of the transition.

A disciplined, consistent framework can focus boardroom dialogue and translate ambiguity into a shared leadership mandate. Organizations continually balance two broad priorities: optimizing the performance of the existing business and transforming it to capture emerging opportunities. Korn Ferry's succession advisory team uses a performing–transforming framework to help directors clarify that balance and align on the leadership mandate. Across hundreds of advisory engagements with public- and private-company boards, just over half of CEO Success Profiles emphasized either performance or transformation; the remainder combined both in a hybrid mandate. CEO profiles must remain dynamic and evolve with the organization's strategic moment.

2. Build a portfolio of leadership options

Maintain a live portfolio of ready-now, ready-soon, and emerging internal leaders, supported by external market intelligence.

Assess all options against scenario-based criteria using board exposure, feedback, enterprise assignments, simulations, and benchmarks. Development should broaden leadership range, preserving choice across multiple futures rather than preparing candidates for one presumed vacancy. In particular, leadership talent should be exposed to varied, high-stakes experiences, including transformation, crisis, innovation, restructuring, and enterprise-wide tradeoffs. Battle-tested leaders are more likely to transfer judgment across contexts and adapt when future challenges cannot be predicted.

3. Integrate emergency and long-term succession

Use one leadership data set, candidate view, and decision framework for both immediate continuity and permanent succession. Pressure-test planned retirement, strategic reset, abrupt departure, and no-ready-candidate scenarios. Clarify interim leadership, search triggers, retention actions, communication protocols, and how emergency decisions will protect rather than derail the longer-term pipeline.

4. Treat selection, transition, and onboarding as one process

Readiness does not end with the board vote. Plan the announcement sequence, stakeholder narrative, outgoing CEO role, handover, early board–CEO working norms, and first-year priorities before the appointment is announced. Use transition support deliberately to build trust and accelerate enterprise leadership.

5. Measure the system's readiness

Track whether the system is creating decision leverage: credible options by scenario and readiness horizon; quality and recency of candidate evidence; board exposure to talent; development and retention risks; external market visibility; emergency activation time; and transition preparedness.

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Review the measures together, because strength in one area cannot compensate for a disconnected system.

To make these recommendations practical, we have created a checklist for each of the board, CEO, and CHRO to assess progress on an ongoing basis—not only when a transition is imminent.

Board Checklist

Align strategic priorities with evolving business challenges.

Maintain a shared view of market shifts, strategic risks, organizational capabilities, and near- and long-term business goals.

Define and maintain a dynamic CEO leadership mandate.

Translate strategic priorities into the outcomes, capabilities, behaviors, and experiences required of the next CEO, and refresh the mandate as conditions change.

Build independent visibility into leadership options.

Spend meaningful time with internal candidates, require current and objective evidence of readiness, and maintain awareness of credible external alternatives.

Rehearse succession across multiple scenarios.

Pressure-test planned, accelerated, emergency, and strategic-reset situations, including interim leadership, decision triggers, communications, and retention actions.

Protect the independence and rigor of selection.

Challenge assumptions and evidence, limit incumbent influence, revisit the mandate before deciding, and retain full-board ownership of the final choice.

Orchestrate transition and onboarding.

Establish a repeatable process for the announcement, handoff, outgoing CEO boundaries, board–CEO working norms, stakeholder confidence, leadership-team continuity, and first-year support.

Keep succession on the board's regular agenda.

Review the leadership mandate, candidate readiness, development progress, retention risks, and transition contingencies throughout the year.

Measure readiness and close gaps.

Use clear indicators to identify gaps, assign ownership to the board or management as appropriate, and track corrective actions to verified closure.

CEO Checklist

Shape the future outlook with the board.

Engage directors in a candid, forward-looking assessment of business challenges and strategic choices. Share management's perspective while helping the board form its own view.

Build a portfolio of leadership options for different scenarios.

Strengthen ready-now, ready-soon, and emerging talent; identify pipeline gaps early; and build a leadership bench that fits different strategic scenarios.

Engineer consequential development experiences.

Give potential successors responsibility for transformation, crisis response, and enterprise-wide tradeoffs. Delegate high stake responsibilities to develop and test their judgment.

Enable independent board assessment of candidates.

Create opportunities for directors to observe leaders in varied settings. Provide balanced evidence on their strengths, readiness, and developmental risks — not a preferred answer.

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Engage candidates honestly.
Set realistic expectations about the process, sustain development and engagement across multiple options, and personally recognize the contribution of valued executives who are not selected.

Respect the board's authority and support its decision.
Contribute insight without advocating for a handpicked successor, let directors make the final choice independently, and visibly support the selected leader.

Make the organization resilient to an unexpected leadership change.
Institutionalize critical relationships, distribute strategic and operational knowledge, strengthen the senior team, and clarify decision authority.

Execute the handoff and step back.
Transfer responsibilities deliberately and share insights into less-visible aspects of the role. Respect post-transition boundaries and give the new CEO space to lead.

CHRO Checklist

Translate the leadership mandate into a success profile and scorecard.
Convert the board's mandate into assessment criteria. Maintain a living scorecard that helps directors evaluate candidates and refresh it as strategy changes.

Maintain one integrated view of the leadership pipeline.
Keep a single data set of ready-now, ready-soon, emerging, and external options by scenario and readiness horizon, serving both emergency and permanent succession.

Build objective, current evidence on every candidate.
Use consistent assessments, simulations, enterprise assignments, and external benchmarks so directors see comparable evidence rather than incumbent-sponsored views.

Support external talent and coordinate development.
Help identify and evaluate external executives, assimilate those hired with board exposure, and manage development plans and role moves for potential successors.

Own retention and engagement risk.
Track flight risks among candidates and key executives, maintain retention plans for leaders who are not selected, and keep open dialogue with candidates, including those who may opt out.

Keep emergency succession operationally ready.
Keep current candidate evidence, interim options, decision triggers, and communication plans ready to activate, and test them with the chair, CEO, and legal counsel.

Serve as an objective adviser to the board and CEO.
Offer candid, credible counsel to both, help the CEO recognize the need to start early, and keep incumbent input distinct from the board's decision authority.

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Conclusion

CEO succession readiness cannot be created at the moment of departure. It is built through repeated board attention and disciplined HR execution: aligning leadership requirements with strategy, developing and testing candidates, maintaining external perspective, rehearsing contingencies, and preparing the transition itself. Organizations that do this well preserve choice, reduce uncertainty, and give the next CEO a stronger platform from which to lead.

Read the full Choreography of Leadership Transition Report

Learn more about Korn Ferry Board and CEO services.

HOW WE DID IT

We analyzed CEO transitions during calendar year 2025 among S&P Global Large- and Mid-Cap companies. The global dataset included more than 3,600 companies across 25 developed and 24 emerging markets.

CEO transitions were identified using the S&P Capital IQ platform. We then reviewed company announcements, regulatory filings, executive biographies, and credible business and financial media coverage to verify each transition and code the characteristics of the outgoing CEO, incoming CEO, and succession process. Variables coded included age, tenure, gender, internal versus external appointment, prior CEO experience, functional background, transition timing, use of an interim CEO, and the predecessor's post-transition role. The final sample excluded CEOs whose effective appointment dates fell outside 2025, even if their appointments were announced during 2025.

We classified succession preparedness using observable evidence. Prepared successions showed a credible permanent successor and an orderly transition structure, such as a defined effective date, handover period, continuity signals, or clear governance language. Unprepared successions showed limited evidence of orderly transition — for example, signs of reactive decision-making, an abrupt departure with no permanent successor or timetable, or delayed naming of successor. AI-assisted coding was used to support consistent classification across markets and languages. Reliability checks included repeated AI classification and manual validation of selected cases.

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About Korn Ferry

Korn Ferry is a global consulting firm that powers performance. We unlock the potential in your people and unleash transformation across your business—synchronizing strategy, operations, and talent to accelerate performance, fuel growth, and inspire a legacy of change. That's why the world's most forward-thinking companies across every major industry turn to us—for a shared commitment to lasting impact and the bold ambition to *Be More Than*.

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