The Choreography of Leadership Transition

2025 Global CEO Succession in Large- and Mid-Cap Companies

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INTRODUCTION

CEO succession remains a defining board responsibility—and in 2025, it was happening at a meaningful scale. Across more than 3,600 S&P Global Large- and Mid-Cap companies, **411 changed CEOs**, for an overall turnover rate of **11%**. Turnover was slightly higher in developed markets than in emerging markets, and notably higher in state-owned companies than in non-state-controlled firms. At the same time, **72% of incoming CEOs were appointed from within the organization**, while external appointments remained more common in emerging markets than in developed markets. Together, the data points to a more differentiated global picture of CEO succession.

411	11%	72%
CEOs Changed	Turnover Rate	Internal Hires

Yet headline statistics tell only part of the story. Most succession analysis focuses on turnover rates, tenure, or the profile of incoming and outgoing CEOs. Those metrics matter, but they do not fully explain how leadership change is experienced by investors, employees, or the market. Succession is not just a staffing event. It is a governance process that unfolds through a sequence of visible decisions, including how succession is publicized.

In examining that process, our research investigated the choreography of leadership transition—the timing and sequencing of succession-related milestones. Looking at these moments together reveals an important insight: **how a transition is staged can shape stakeholders' confidence in the board's control of the process just as much as the identity of the successor**.

> *"Succession is not just a staffing event. It is a governance process that unfolds through a sequence of visible decisions."*

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THE 2025 CEO SUCCESSION STORY AT A GLANCE

The top-line CEO succession story in 2025 is one of continuity under pressure. The **11% global turnover rate** is broadly consistent with other 2025 benchmarks, but the underlying patterns reveal meaningful variations across markets and ownership structures. Developed markets recorded somewhat higher turnover than emerging markets (**13% vs. 10%**), while state-owned enterprises experienced markedly higher turnover than non-state-controlled companies (**15% vs. 10%**).

Outgoing CEOs of S&P Large- and Mid-Cap companies in 2025 remained predominantly male (**95%**). The average age of outgoing CEOs was **59.4 years**. The average tenure of outgoing CEOs was **5.9 years**, though more than one-third (**35%**) had served less than three years. However, tenure varies significantly across markets and ownership structures. Outgoing CEOs in emerging markets and state-owned firms had shorter average tenures and were more likely to exit within three years, suggesting greater leadership volatility in those environments.

5.9 yrs
Avg. Outgoing CEO Tenure

35%
Exited Within 3 Years

59.4
Avg. Age of Outgoing CEO

Table 1. Tenure of Outgoing CEOs

	AVERAGE TENURE	EXIT WITHIN 3 YEARS
Global	5.9	35%
Emerging markets	4.5	49%
Developed markets	7.5	18%
State-owned	3.5	54%
Non-state-controlled	6.7	28%

> ***Key Insight:*** *Outgoing CEOs in emerging markets and state-owned firms had significantly shorter tenures and were far more likely to exit within three years, suggesting greater leadership volatility and less stable succession planning in those environments.*

Globally, nearly one-quarter of incoming CEOs (**26%**) were appointed from outside the organization. This proportion is broadly consistent across state-owned and non-state-controlled companies. External appointments, however, were somewhat more prevalent in emerging markets than in developed markets, at **29% vs. 21%**. This pattern points to relatively stronger internal leadership pipelines in developed markets, while companies in emerging markets may rely more on external hiring to access new capabilities.

Table 2. Origin of Successors

	EXTERNAL	TRANSITION	INTERNAL
Global	26%	2%	72%
Emerging markets	29%	3%	68%
Developed markets	21%	2%	77%
State-owned	25%	3%	72%
Non-state-controlled	26%	2%	72%

Note: "Transition" refers to external successors who were recruited and placed into other roles within a year prior to their CEO appointments.

Prior CEO experience remained an important filter in CEO succession, particularly for external hires. Nearly two-thirds of external successors (**68%**) had previously served as CEOs, compared with just over one-third of internal appointments (**35%**). Overall, **44%** of new CEOs had prior CEO experience, and for one in five (**20%**), the CEO role was also their most recent position before appointment.

The average age of incoming CEOs was **54.3**, about 5 years younger than that of outgoing CEOs. Women accounted for **8%** of incoming CEOs, compared with **5%** of outgoing CEOs. The difference points to the modest progress in women's representation at the top of the corporate house.

44%	54.3	8%
w/ Prior CEO Experience	Avg. Age of Incoming CEO	Women Incoming CEOs

Most incoming CEOs did not advance through a single, narrowly defined function. Instead, **43%** built cross-functional experience early in their careers before moving into operational or general management roles on the path to the top job. That breadth of experience appears to provide an important foundation for leading complex enterprises and fostering adaptability and innovation.

Finance and accounting stand out as a notable exception: one in five incoming CEOs (**20%**) built their careers primarily in this specialty, underscoring the continued value boards place on financial expertise at the top.

WHY THE TRANSITION PROCESS MATTERS

Leadership transitions unfold under intense scrutiny. Investors, employees, regulators, and customers all look for signs that the board has a clear plan and that the company will remain stable through the handoff. When a CEO transition appears disorganized, the costs can extend well beyond the top job.

Delayed decision-making.

When boards do not clarify who is in charge, major decisions on strategy, capital allocation, restructuring, and talent can stall as executives hesitate to act without clear authority.

Short-term performance disruptions.

A disorganized transition can weaken near-term execution as operating leaders become more cautious, coordination deteriorates, and critical initiatives lose momentum while the company waits for a stable leadership mandate.

Loss of internal talent confidence.

A poorly managed transition can upset not only CEO candidates but also the broader leadership team. When succession decisions appear rushed, opaque, or inconsistent, high-potential executives may question whether the organization offers a credible path forward, reducing commitment at the moment the company needs stability most.

Negative market reactions.

A disordered CEO transition can unsettle investors, create shareholder concerns, and ultimately erode market confidence, especially when the board appears reactive rather than prepared.

Inefficient CEO replacement decisions.

Under time pressure, boards may be forced to choose from a narrower slate, with less opportunity to assess candidates fully, prepare the successor, or negotiate from a position of strength.

Inadequate ramp-up.

A compressed transition can also shorten the incoming CEO's onboarding period. When successors step into the role almost immediately after being named, they may have too little time to absorb critical context, align with the board, build relationships with the executive team, and prepare for early strategic decisions. The result is not just a faster handoff, but potentially a less effective one.

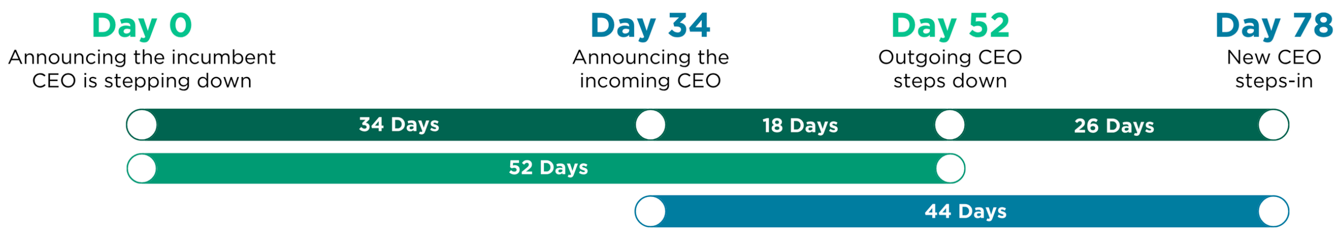
For all these reasons, poorly managed CEO transitions carry real economic consequences. One study of 1,475 CEO turnover events in S&P 1500 companies between 1997 and 2012 found that delays in naming a successor were associated with negative immediate market reactions and weaker earnings performance in the two quarters following the turnover announcement. More broadly, poorly managed CEO and C-suite transitions are estimated to destroy nearly $1 trillion in market value each year across S&P 1500 companies.

> ***Key Insight:*** *Poorly managed CEO transitions are estimated to destroy nearly **$1 trillion** in market value each year across S&P 1500 companies.*

CEO TRANSITIONS IN 2025

In our analysis of CEO successions in 2025, the average transition period spanned approximately **78 days**. In the typical pattern, the process began with the announcement that the incumbent CEO would step down, followed by the naming of the successor, then the outgoing CEO's formal departure, and finally the incoming CEO's official start date. This is more than an administrative sequence. It is a public narrative about preparedness, confidence, and control.

Figure 1. Typical Unfolding of Leadership Transition



This pattern is not universal. Globally, boards announced successors before the predecessor's official departure in **53%** of cases, on the same date in 24%, and only after the predecessor had formally departed in **23%**. Delayed successor naming was more common in emerging markets than in developed markets (**33%** vs. **11%**) and in state-owned companies than in non-state-controlled firms (**50%** vs. **13%**).

53%

Named before departure

24%

Named on same date

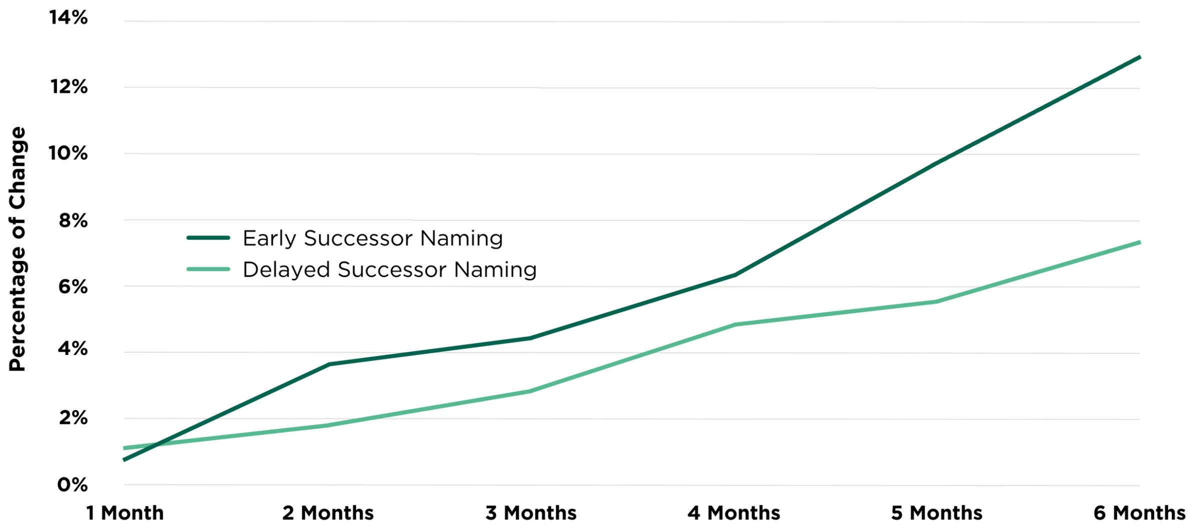
23%

Named after departure

When boards announce a successor before the outgoing CEO departs, they reduce uncertainty and reinforce continuity. This sequencing signals that the board has anticipated the transition, aligned on the successor, and is managing the handoff deliberately. It also gives incoming CEOs more time to learn the business, engage key stakeholders, and build critical relationships before formally assuming the role. On average, successors named before the outgoing CEO's departure had **75 days** to prepare; those named on the same day as, or only after, the predecessor's departure had just **6 days**.

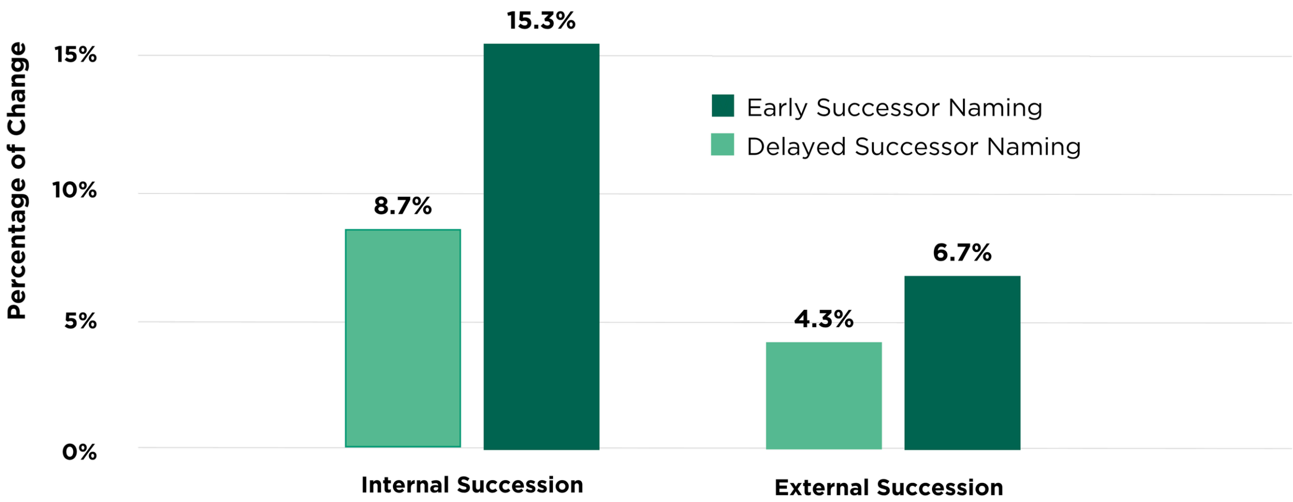
This difference can translate into a meaningful financial gap. Beginning in the second month after CEO turnover, companies in our sample that named successors early recorded stronger stock-market growth than those with delayed successor announcements. By the end of six months, the early-announcement group outperformed its industry benchmark by 1.1 percentage points, while companies with delayed announcements underperformed their industry benchmarks by 2.7 percentage points, resulting in an industry adjusted performance gap of 3.8 percentage points in two quarters.

Figure 2. Stock Change After the Predecessor Stepped Down



Successor origin may influence how a leadership transition is interpreted, but it does not change the central finding. Our research also examined post-turnover market performance by successor source. Although internal successors generally delivered stronger six-month market performance than external successors, companies that named successors early still achieved stronger market growth than those that delayed successor naming, regardless of successor origin.

Figure 3. Market Performance in Six Months After the CEO Turnover



Delayed successor naming creates a period of ambiguity between the leader's departure and the confirmation of new leadership. This sequencing may reflect less institutionalized succession planning. In some state-owned contexts, it may also reflect appointment processes that occur outside the firm or require multiple layers of approval. Even so, the signaling effect is similar: delays can make the transition appear less orderly and encourage investor speculation.

WHAT BOARDS SHOULD LEARN FROM THE 2025 DATA

The central lesson from this research is straightforward: CEO succession should be assessed not only by who is leaving and who is chosen, but by how the transition is orchestrated.

Boards often devote significant energy to identifying and evaluating successors. That remains essential. But the 2025 data suggest that transition design deserves equal attention. Three actions contribute to a more credible handoff:

- **Name the successor early**
- **Clarify the outgoing CEO's timing**
- **Align governance changes with the appointment**

Such planning is especially important in a business environment where companies are expected to act quickly but communicate clearly. A fragmented transition can create unnecessary speculation. A well-staged one can demonstrate discipline, reassure stakeholders, and preserve momentum.

The findings also reinforce the continued importance of succession readiness. Organizations need strong leadership pipelines, regular assessments of successor readiness, and a realistic understanding of when external hiring will be necessary. The fact that external hires are much more likely to bring prior CEO experience suggests that boards consider outside appointments as higher-risk decisions that require more visible proof of readiness.

> *CEO succession should be assessed not only by who is chosen, but by how the transition is orchestrated.*

A STRONGER AGENDA FOR BOARDS

Boards should treat succession as both a talent decision and a market-facing governance process. That involves much more than assessing and nominating possible successors; it requires scenario planning, continuous readiness assessment, disciplined communication, transition governance, and structured onboarding.

Build succession plans around multiple scenarios.

Planned retirements, strategic resets, unexpected exits, and externally driven changes each require a different transition pathway. Boards are increasingly likely to face leadership changes under compressed timelines, heightened scrutiny, or external constraints. A single generic succession plan is rarely enough; boards should prepare for different situations and establish scenario-specific protocols so they can act with discipline should the moment arise.

Case Study: An occurrence at one global pharmaceutical company illustrates why boards need succession plans built around multiple scenarios. The board entered the transition at a strategic inflection point when the future CEO profile had shifted, internal candidates were not yet ready for the next phase, and an unintended media disclosure about the CEO transition compressed the communication timeline. Working with Korn Ferry succession advisors, the board clarified and aligned on the capabilities required for the company's next chapter, broadened the search externally, and preserved a transition runway before the successor formally assumed the role. The case shows that scenario planning must anticipate more than emergencies; boards also need protocols for strategic resets, external appointments, internal-readiness gaps, and communication pressure so they can maintain composure when conditions change.

Strengthen leadership bench strength continuously, not episodically.

Boards should regularly audit the depth and readiness of the enterprise leadership pipeline—not only named CEO successors—against the future demands of the business. That means using objective assessment, exposure to enterprise-level challenges, targeted development plans, and clear evidence of readiness progression to understand where the organization has credible internal options and where external talent may be needed. Development should also extend beyond the transition itself: successors and broader senior leaders need ongoing preparation for the strategic shifts, regulatory adjustments, stakeholder expectations, and execution demands that will define the next chapter. This discipline should become part of ongoing board oversight, treating CEO succession as an always-on activity rather than a last-minute decision.

Case Study: A large consumer staples retailer shows how leadership bench strength is built over years, not at the moment of succession. Well before the transition was announced, the board and successive chief human resources officers (CHROs) worked with Korn Ferry succession advisors to assess internal options, create multiyear readiness plans, and give the eventual successor meaningful enterprise exposure. By announcement day, the successor had deep company experience, responsibility for a major business, and growing visibility with key stakeholders. Early naming, visible endorsement from the outgoing CEO, and a structured handoff made the appointment feel credible and expected. The lesson for boards is clear: successor confidence is earned before announcement day through continuous readiness assessment, deliberate development, and repeated opportunities for leaders to demonstrate enterprise-level capability.

Manage communication as carefully as selection.

CEO succession is more than a leadership change; it sends strategic and performance signals to the market. As a result, succession is under growing scrutiny and has become a visible test of board governance. Boards should align in advance on the transition narrative: why the change is happening, what it means for strategy, what role the board will play during the handoff, and how continuity will be maintained.

Case Study: A global pharmaceutical company faced a sensitive leadership change after several years of transformation, uneven growth, and investor scrutiny. The board's challenge was not only to choose the next CEO, but to ensure the change was not interpreted as a reactive concession to external pressure. The company announced an internal successor nearly three months before the role changed hands, giving the market time to absorb the decision and reinforcing that the appointment followed a disciplined succession process. The communication framed the handoff as a proactive strategic reset: the outgoing CEO was credited with reshaping the portfolio and building the platform for future growth, while the successor's commercial experience signaled a shift toward execution, product launches, and value realization. The case shows that succession communication must do more than disclose a leadership change; it must explain the strategic logic, protect board credibility, and help stakeholders see continuity and progression rather than reaction.

Reduce ambiguity when constraints prevent early disclosure.

In some situations, such as a sudden CEO departure, boards might not be able to name a successor quickly. Even then, they can still signal control by clarifying interim leadership, decision rights, and the transition timeline. They should also reassure the market that the rigor of the succession process will not be compromised by the unexpected nature of the transition—and explain how the board will maintain that discipline.

Case Study: A North American specialty diagnostics company faced an emergency CEO succession when its leader was suddenly incapacitated. The board moved quickly, naming an interim leader within 24 hours and clarifying decision rights to stabilize the organization. But speed did not replace rigor. During the interim period, the board worked with Korn Ferry succession advisors to define the future CEO success profile, assess potential candidates against that profile, and accelerate targeted development before making a permanent appointment. Several months later, the interim leader was confirmed as CEO, and the transition was received smoothly by the market. The case shows that even in an emergent succession, boards can preserve discipline by separating immediate continuity from the permanent decision and using the interim window to apply a structured, evidence-based succession process.

Engage transition expertise when complexity is high.

Boards may also benefit from working with advisors who specialize in leadership transition. Their value lies not only in candidate assessment, but in helping boards structure the handoff itself—from succession scenarios and readiness evaluation to stakeholder communication, onboarding, and alignment between the outgoing CEO, incoming CEO, and board. This can be particularly helpful when transitions are complex, externally sourced, or highly visible.

Case Study: A situation at a specialty retail company illustrates why transition expertise becomes especially valuable when succession complexity is high. Although near-term results remained reasonably strong, the board concluded that long-term performance required fresh leadership. Internal candidates did not fully match the future CEO success profile, requiring an external search under compressed and confidential conditions. The eventual successor had not previously served as CEO, and the handoff occurred on the same day it was announced, leaving little room for a visible transition runway. In such a context, transition advisors can help the board clarify the success profile, pressure-test external readiness, manage confidentiality, shape the rationale for change, and ensure a graceful exit for the outgoing CEO so the transition is understood as a disciplined board judgment rather than a disruption.

CONCLUSION

CEO succession is no longer simply a question of replacement. It is a test of board readiness, governance discipline, and organizational credibility.

The 2025 data show that boards around the world are operating within very different governance realities across markets and ownership models. But the most important finding is this: the transition itself sends a signal. The sequence of announcements, appointments, and exits tells stakeholders whether the board is leading the process—or reacting to it.

Boards should act now. Audit your succession choreography, not just your succession slate. Pressure-test whether your top candidates are truly ready. Decide in advance how a transition will be communicated, not only who will be selected. And where governance constraints make the process more complex, close the confidence gap with clearer interim plans and stronger communication.

In a market that rewards clarity and punishes uncertainty, the question is not solely whether the board can choose the right next CEO. It is whether the board can manage the transition in a way that inspires confidence from day one.

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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.

Monthly stock price following each CEO transition was tracked for up to six months. These financial outcomes were linked to the succession-event database to examine the relationship between post-succession performance and key succession characteristics, including succession approach, successor profile, and the timing of successor identification.

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