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July 2024



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On the Board's Agenda | US

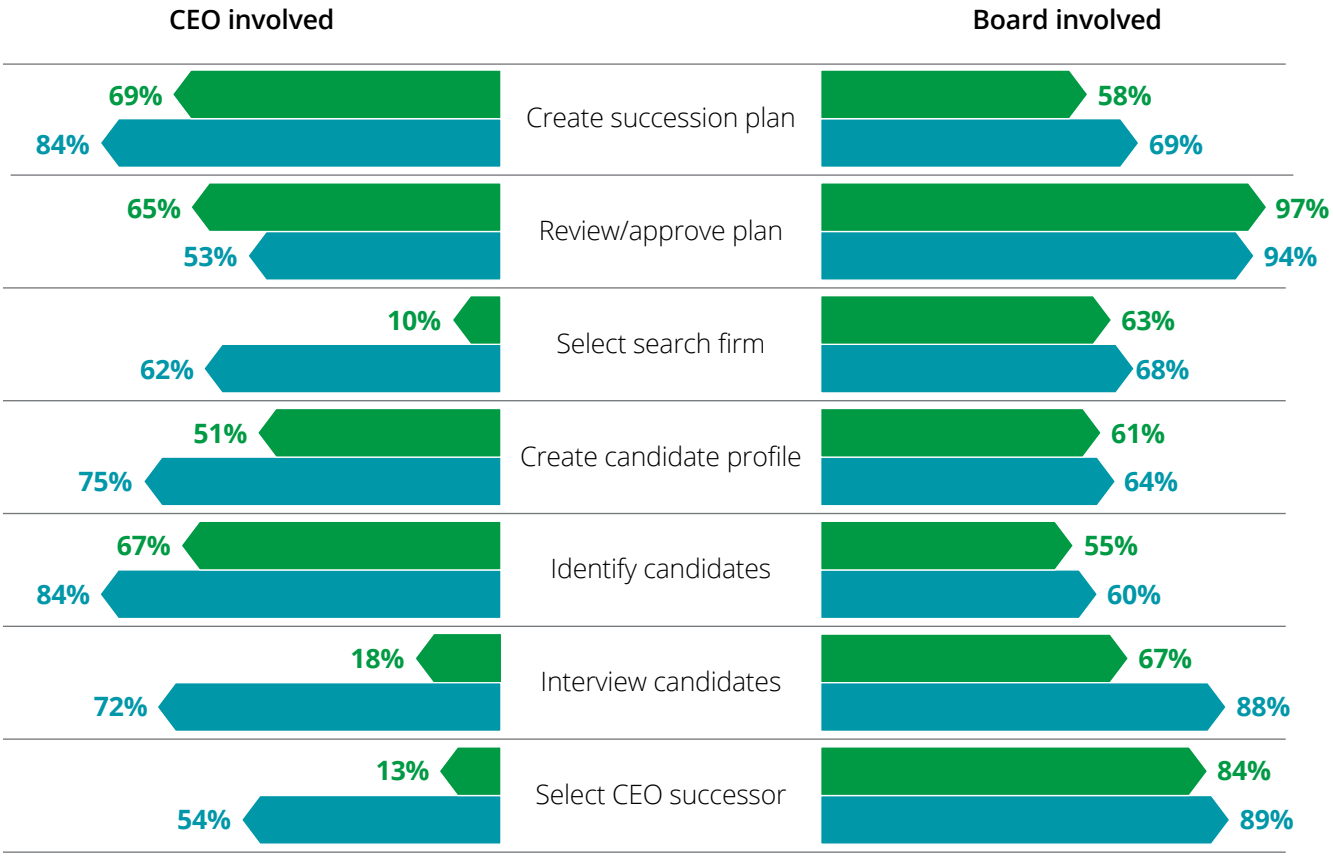
Variance in succession strategy and transition processes

From time to time, On the Board's Agenda uses an abbreviated format to highlight noteworthy data or recent developments in governance. This edition combines survey data on succession planning to explore variance in responses provided by chief executive officers (CEOs) and public company corporate secretaries.

Succession planning is important for long-term sustainability, though the process itself varies greatly by company. In two recent surveys, CEOs[1] and public company corporate secretaries[2] were separately asked to identify who was involved in (1) crafting a succession strategy and (2) then using it for a CEO transition. Survey respondents indicated whether the board (as a whole or via a committee) and/or CEO were involved in each component at their company.[3]

At a high level, there was some congruence between executives and boards on certain elements of succession strategy and transition process. For example, both CEO (**94%**) and corporate secretary (**97%**) respondents noted the prominent involvement of boards in reviewing and approving succession plans. But when asked about the CEO's involvement in the review and approval process, there was less alignment (**53%** for CEOs and **65%** for corporate secretaries).

Who is involved in the succession planning process? It depends on who you ask.
Perceptions of involvement by corporate secretaries and CEOs



For every component of the succession process, variance around the role of the CEO was greater than variance on the role of the board. For instance, corporate secretaries (**18%**) were far less likely than CEOs (**72%**) to indicate CEO involvement with candidate interviews.[4] The selection of a search firm was a close second, with far fewer corporate secretaries (**10%**) seeing CEO involvement versus the group of CEO survey respondents (**62%**).

Variance between responses from corporate secretaries and CEOs

CEO involved	Variance	Board involved	Variance
Interview candidates	**54%**	Interview candidates	**21%**
Select search firm	**52%**	Create succession plan	**11%**
Select CEO successor	**41%**	Select search firm	**5%**
Create candidate profile	**24%**	Select CEO successor	**5%**
Identify candidates	**17%**	Identify candidates	**5%**
Create succession plan	**15%**	Create candidate profile	**3%**
Review/approve plan	**12%**	Review/approve plan	**3%**



The results suggest that there could be value in checking whether board and management expectations are aligned in this area. Because regardless of a succession plan's specific details, congruence may help improve the odds of an effective transition. And in the event of an unplanned departure, getting on the same page now may save precious time later.

Endnotes

1. The question received 91 responses from CEOs. See Benjamin Finzi, Brett Weinberg, and Elizabeth Molacek, "Winter 2024 Fortune/Deloitte CEO Survey Insights," Deloitte, 2024.
2. The question received 67 responses from corporate secretaries. See Natalie Cooper, Robert Lamm, and Randi Val Morrison, "Board Practices Quarterly: CEO succession planning processes," Society for Corporate Governance and Deloitte, 2023.
3. Respondents answered the following question: "Please describe the involvement of your CEO, board and/or board committee in the CEO succession planning process. Check all that apply." Percent values are the percentage of respondents indicating the CEO or board are involved in the succession process. Role type indicates whether the value is from respondents who are CEOs or corporate secretaries.
4. This was also the highest variance for board involvement (21%), where corporate secretaries (67%) were less likely than CEOs (88%) to say the board has a role in candidates' interviews. However, such values may be indicative of respondents interpreting the answers differently. The lower value from corporate secretaries may reflect that *every* member of the board may not be involved in interviewing *every* candidate, especially at the earlier stages of the process.

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