One of the top responsibilities of any board is to ensure their organization has the ability to sustain CEO leadership excellence over time, with seamless transitions from one leader to the next. This process is pivotal, as CEO successions are always disruptive. Changing the head of an enterprise impacts company culture, board/CEO relations, and perceptions from multiple constituencies [internal and external]. Depending on how it is managed, the disruption that occurs can impact performance in a positive, neutral or negative manner.

And yet, according to a study by RHR International, more than half of today's directors don't know when their CEO plans to step down, and just six in 10 are prepared for an emergency succession.

Given the importance of CEO succession and the risks associated with a failure to manage it, why would a board fail to take a good hard look at its own processes for addressing what is arguably, their number one job? The disparity between how important this issue is and the competency of boards to handle it can be attributed to several factors. It is challenging, it takes time, and the mere mention of it precipitates a host of organizational dynamics that must be managed.

What Does a Good, Robust, CEO Succession Process Look Like?
Often in succession discussion, the conversation goes quickly to “who.” This is ill-advised and leads to comparisons of people on unclear, ambiguous criteria that are merely implied. Instead, the organization must design a blueprint of the successful new leader based on the external landscape, goals, and strategy, then compare candidates to this description. It sounds simple, but there are always areas of disagreement among the board members. These must be discussed and resolved, otherwise the directors will be operating with different criteria and the entire process will be undermined. Achieving alignment is influenced by a host of factors, many of a social-psychological nature, meaning they are not always obvious. However, they are powerful and must be brought to light.

The 10 Key Dimensions of Effective Succession
RHR International has determined there are 10 key dimensions to an effective CEO succession process. These practices are based on years of research and practical field
experience, and their application has resulted in enhanced organizational performance, credibility, and retention of top talent. Each of these must be comprehensively managed to ensure that the risks inherent in CEO succession are minimized and the best outcomes are achieved.

1. **Establish Board Ownership, Involvement, and Oversight.**
   An explicit, ongoing process for managing CEO succession should be chartered in board bylaws and be a standing agenda item at every board meeting.

2. **Set Succession Time Frames.**
   Several timing aspects should be considered: the expected departure date of the incumbent CEO; the time it takes to develop internal talent for the role; whether (and how long) the outgoing CEO should remain on the board; when to involve a search firm; and the transition time from one CEO to the next.

3. **Prepare for Emergencies.**
   Forty percent of directors polled by RHR said they are not prepared for an emergency. A good plan considers multiple contingencies, looks at the top three levels, and includes a communication plan and process steps. It must be more than deciding who will step in.

4. **Align on Strategy and Profile.**
   Before discussing the “who,” the board must come to agreement about what the right next leader looks like. The key questions to answer are “who, for what, when, and how.” Once the criteria are clear and relevant, discussions of individuals — compared to the criteria — will be more systematic. The board must also create the process steps and clarify roles.

5. **Build the Talent Pipeline.**
   It is not enough to have a candidate. The board needs to know who potential CEOs are, but also who will be part of the leadership team and who high potentials are. Careful cultivation of talent and a good process can also help retain unsuccessful candidates.

6. **Source External Talent and Manage Search Firms.**
   Hiring from outside is more expensive. An outside CEO is also less likely to stay long term and has a higher risk of early failure. When it is necessary, a good search consultant can help identify candidates. However, the search firm cannot be allowed to take over the process.

7. **Select the CEO.**
A fair and transparent process leads to the new CEO having more support. A thorough selection process means a deep knowledge of candidates by the board members and insights from experts who are independent of the search.

8. **Proactively Manage the Transition.**
The needs, wisdom, and experience of the outgoing leader need to be leveraged. The senior team needs to be re-recruited, re-aligned, and re-purposed. The integration of a new CEO must include the relationship with the board along with all key stakeholders.

9. **Measure Performance and Improve Progress.**
Milestones to gauge how the new CEO is performing need to be developed and monitored. A vigorous, candid review of the entire process should be done, including key stakeholder input. If changes to any components of the succession process need to be made, they should reflect what has been learned and be done before the lessons fade.

10. **Manage the Dynamics in CEO Succession.**
The process requires the partnership of the board and CEO. The CEO cannot dominate, nor can he or she be excluded.

**Inaction Is Not an Option**
CEO continuity is an area of significant business risk. The costs of not getting the process right are enormous, both obvious and subtle, and immediate and long term. Expertise in governance process and organizational behavior, applied with rigor and independence, reduces the risk and increases the opportunity. The time and expense involved in creating and applying a solid CEO succession plan is an investment that will pay dividends to the company for years to come.

So, what's your next move? Work with your fellow board members to ensure that the CEO succession process you are responsible for is comprehensive and addresses all 10 dimensions of best practice.