

MAKING CEO SUCCESSION PLANS STICK





CEOs are under tremendous pressure. Boards can ease transition planning by enabling their success from the outset.

By Mandy Wright

“CEO IS A LONELY JOB.”

Jonathan Johnson, a director of Bloom, The J.M. Smucker Co., and Nursa, knows this firsthand, given his prior experience serving as the chair and CEO of Overstock.com. The pressure to perform, weighty expectations, and the CEO's relationship with the board can make the position unforgiving and, sometimes, impossible. Perhaps that's why the outplacement firm Challenger, Gray & Christmas documented a record number of CEO exits at US companies—1,235—between January and June 2025.

Meanwhile, the average tenure for exiting CEOs decreased from 8.1 years in the first quarter of 2024 to 6.8 years in the same period this year, according to Russell Reynolds Associates' Global CEO Turnover Index. Notably, there was an increase in CEOs departing for personal reasons, from 2 percent to 11 percent, when comparing the two quarters.

While continuous and rigorous board-level succession planning can ensure that the gaps left by such departures are filled in a timely manner, this alone does not address the problem of CEOs staying in their roles for less time and leaving in greater numbers. If successors don't stick, the succession planning process is all for naught.

Only 53 percent of executive and board member respondents in the Heidrick & Struggles *CEO and Board Confidence Monitor* 2025 report said they were very or entirely confident in their organizations' executive attraction, development, and retention strategies in positioning their organizations well for the future. Even fewer respondents—39 percent—had those confidence levels in their companies' succession planning process. So how can boards drive the performance and motivation of new or current CEOs to decrease the number of exits?

An analysis of real-world examples and insights from seasoned professionals offer lessons for boards on how to boost leaders' chances of success.

Acknowledge the Heightened Risk Environment

UnitedHealth Group (UHG) has seen its fair share of ups and downs over the last year. Its subsidiary, Change Healthcare, experienced a cyberattack in February 2024 that affected about 190 million people across the United States. In December, the CEO of subsidiary UnitedHealthcare, Brian Thompson, was killed in a targeted attack while in New York for a corporate investor meeting.

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In May 2025, a few weeks after announcing weaker than expected profits and reducing its annual forecast, UHG CEO Andrew Witty resigned for what the company called “personal reasons.” He was replaced by former CEO and current chair of the company Stephen Hemsley.

This example demonstrates the range of perils companies and their leaders now face: cyber, safety, and reputational risks, among others.

Leslie Brun, chair and CEO of Ariel Alternatives and a director of Corning, Council Advisors, and NXT Capital, views the latest CEO transition at UHG as an “outlier” that does not represent other succession stories.

That said, he commented that “markets move on whatever the psychology is of the market at any particular moment” and that, sometimes, they “will either reward you or penalize you from a stock price perspective” based on things that may not be within the company's or a leader's control.

While Rich Fields, head of the Board Effectiveness Practice and a member of the Board and CEO Advisory Partners at Russell Reynolds Associates, would not speak to any specific example, he noted that criticisms of CEOs have grown, been levied faster, and have stuck around longer in recent years, especially in customer-facing sectors.

“CEOs and directors alike are much more likely to be blamed when things go wrong than get any credit when things go well,” he said.

Ginger Graham observed that since she was first a CEO in the early 1990s, external voices have become much louder and more numerous. She is a director of Village Practice Management Company Holdings and Walgreens Boots Alliance. She added that the ability to work directly with shareholders to explain strategy and build relationships, as well as some shareholders' investment horizons, have changed, impacting how shareholders view corporate performance.

In addition, growing and ever-changing areas of focus for leaders, including various stakeholders, disruptive technologies, and an unpredictable economic environment, lead to “pressures that are more urgent and more short-term judgments on effectiveness and success,” Graham said.

When this happens, boards and CEOs sometimes must face the music of public opinion.

Graham acknowledged that while boards might not always be the source of intensified expectations of CEOs, “boards are also subject to the feedback of those voices” she referenced earlier, which include those of shareholders, activist employees, customers, vendors, and regulators. Social media speeds the pace of judgment and spread of these voices.

In addition, CEOs may be exiting, Fields said, as there are “more alternative options for individuals to maybe do very similar things, but without all the public scrutiny.” He pointed to leading a private company or moving on to a portfolio board career as examples.

Because of this, Jane Sadowsky, NACD.DC®, believes that the public company CEO title is not as shiny as it once was. She is a senior advisor to Moelis & Co. and a director of Allied Gold Corp., Nexa Resources, and Scientific Games.

Now, taking on the role may incur “political, reputational, and personal risk,” she said, because of broad uncertainty, greater activism, and the potential for attacks on leaders' data footprints and even physical security.

These factors create an environment in which it is more difficult to recruit and retain CEOs.

According to Sadowsky, there are a few things boards can do to aid CEOs after understanding the current pressures they face: Provide support, redefine success, and help CEOs remain engaged.

Boards can offer coaching or mentoring, fight reflexive reactions to reputational crises, and help the CEO balance long-term and short-term thinking, Sadowsky recommended. In addition, boards should discuss work culture and trust issues along with financials



during performance reviews and “align compensation and incentives with sustainable leadership,” she said.

Finally, Sadowsky noted, directors should view the CEO as an individual who is more than just his or her role and ensure that the CEO knows this. They can also push the CEO to set aside time to think or recharge and to “shape strategy boldly, rather than just reactively managing crises,” she said.

Reset and Clarify Expectations

Howard Schultz has served three stints as CEO of Starbucks Corp.: one starting in the 1980s, another that began in 2008, and his last that commenced in 2022. In 2023, the company hired Laxman Narasimhan as its CEO. Little more than a year later, Narasimhan was out, replaced by Brian Niccol, then-CEO of Chipotle Mexican Grill.

Short tenures tend to indicate misalignment between the board and a successor, or company strategy and job requirements and the ability of a successor to meet those needs, Sadowsky said.

As a caveat, she added, “if the role itself is unsustainable, it’s not the CEO who failed; it may be the design of the job that needs rethinking.”

While not commenting on any specific example, Fields noted that boards typically give a new CEO space to settle in, unless something major happens that cannot be worked through.

“Transitions are high-profile, costly events. [Boards] try to avoid unnecessary ones,” Fields said.

However, not wishing to transition multiple CEOs within a short time span must be weighed against the cost of poor leadership, he said.

Amid rapid change and the need for leaders to adapt quickly, Brun said, “you don’t have a lot of time to indulge, especially a new outsider CEO.”

Taking a broader angle, Sadowsky noted that boards require CEOs to be “visionaries, diplomats, activists, technologists,” and more. If the equation for what boards need of their CEOs does not shift, she said, then turnover will continue—simply because this equation is an “unrealistic composite” of what today’s CEOs should be.

Even when a board does manage to find a leader who matches the above description, the compensation and incentive plan may cause turnover.

Brun referenced Niccol as an example of a leader who “hit the ground running” and “had a vision.” But Sadowsky wondered if the CEO’s contract and pay package were granted because the board wanted to hire him no matter what, rather than thinking through what to strategically push back on.

“You can’t get so blindsided up front that you forget that you’re playing the long game,” Sadowsky said.

“The real mark of a successful CEO is having a clearly defined sense of what their lanes of expertise are and what they don’t know, and being comfortable in surrounding themselves with people who fill in those blanks.”

—Leslie Brun

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She pointed out that some of the stipulations in Niccol's contract, including that he is allowed to be based in California and travel to Starbucks's Seattle headquarters on the company's plane, may cause strife within the workforce as a return-to-office mandate is enforced.

In addition, Niccol was awarded nearly \$100 million in compensation (some of which was granted to account for opportunities lost as a result of leaving Chipotle) in his first few months at Starbucks.

Compensation packages may be large now to accommodate the numerous new responsibilities and risks associated with the CEO role. However, Sadowsky posited that this may instead be hastening the exits of CEOs who never return to the role because of the risks mentioned earlier and because they are able to accrue enough wealth in one stint.

To her, paying CEOs more for a greater workload is "short-sighted." Setting—and resetting—clear expectations for CEOs is key to ensure that leaders view the role as an "aspiration and not a burden," she said.

To do this, Sadowsky encouraged boards to regularly evaluate the job description and consider whether the workload and "span of control" are practical. She also advised against "role drift," where new responsibilities accrue without board discussion or support.

CEOs should be viewed as leaders of a system and continuous learners, not all-encompassing experts or the solvers of every issue, Sadowsky said.

"The real mark of a successful CEO is having a clearly defined sense of what their lanes of expertise are and what they don't know, and being comfortable in surrounding themselves with people who fill in those blanks," Brun said.

In succession planning, the board should focus on the alignment of the company's and a candidate's values and commitment to stakeholders, he added. It's also a good idea to "calibrate against where it is you think you need to get to versus where it is you are," Brun said.

Empower the CEO

At The Walt Disney Co., where Bob Chapek was long-time CEO Bob Iger's hand-picked successor, reports tell a tale of an outgoing executive who would not relinquish control, ultimately leading to Chapek's ouster by the board in 2022 after about two and a half years on the job.

During much of Chapek's tenure, Iger remained on the board as executive chair and reportedly retained some creative control over the company—as well as his office. Chapek's new role was undermined.

Not speaking about any particular companies, Fields said that "there are more examples of CEOs staying on boards and moving into board leadership positions in particular that don't turn out as well as boards would like than those that turn out better."

**"Empowerment
means active
partnership.
Help the CEO
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*—Jane Sadowsky,
NACD.DC*



While this can be an effective transition tool, Fields added that stakeholders may continue to rely on the former CEO's perspective if the individual is still involved in the company. This can make it difficult for the new CEO to settle in and be seen as a leader.

For these reasons, boards should be explicit about their decision either to keep the former CEO in a transitional role or to ask the executive to move on immediately, Fields said. The time frame for the transitional role should also be determined.

"More often than not, a limited period remaining on the board is more likely to succeed," he said.

To Sadowsky, retaining an outgoing CEO for a period can only help if "the goals are clear and egos are managed." Small decisions, such as whether the outgoing CEO keeps his or her office, can send big signals regarding who holds what power, she pointed out, and can affect C-suite and board dynamics.

The board should question whether it wishes to invite the outgoing CEO to occupy a transition role because that individual adds value, or because the board wants to "avoid a hard conversation," Sadowsky said.

"Hopefully, there's a senior or strong board member who can say, 'You're supposed to be passing the baton. You're holding on to it too tight.' Or, maybe, 'You just dropped the baton, and you didn't hold it,'" Johnson said.

Undermining a new CEO may not always look the way it allegedly did at Disney. In some cases, for example, an "interim" appointment may signal to stakeholders that a successor is not fully trusted and is therefore not someone to invest in.

According to Graham, the first priority for boards when overseeing CEO performance is to create a trusting and transparent relationship. This will enable the board to navigate rough waters with the CEO and to be prepared for decisions the executive makes.

The rest of the C-suite and company look to the CEO to be a "rock," Johnson said. Directors should be able to offer trust and support to the CEO without instilling any fear of possibly "looking bad" by bringing issues to the board.

The board should watch and listen for resistance to the CEO among members of the C-suite and consider how directors visibly demonstrate confidence in the new leader, Sadowsky said.

In addition, the board should reach consensus on and clearly communicate to a new CEO how it defines success in the leader's first year, she said, while allowing the CEO room to make changes.

If an issue arises, Sadowsky recommended that boards mentor the new CEOs, given the limitless expectations placed on them and the unfavorable odds of performing well in the role, especially for individuals who have never held it before.

"Empowerment means active partnership," she said. "Help the CEO prioritize. Ask what they need and don't assume they'll ask for it."

A Reevaluation

As CEOs come and go, a few things remain the same: increasing responsibility, pressure, and compensation for those who take up the mantle. Is it time for a reevaluation of the role itself?

Sadowsky suggested as much. Boards might try to understand the risks and downsides of the role, set clear expectations, and empower their CEOs, but departures are inevitable. Perhaps they can be curbed—and the succession process eased—by a second look at what stakeholders and boards themselves are calling upon CEOs to be and do. [D](#)

For more information and recommendations on strengthening the board-CEO relationship, read the 2025 NACD Blue Ribbon Commission report, out in October. The individuals interviewed for this story are commissioners of this year's report.



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