2024 NACD Public Company Board Practices and Oversight Survey

CEO SUCCESSION PRACTICES

The 2024 NACD Board Practices and Oversight Survey collected data from board members about their practices in several critical areas. This Data Pack provides additional data that was not displayed on the page dedicated to the key findings related to CEO succession practices of publicly traded company boards (accessible here). More information about the survey and the survey methodology can be found on the main survey page here.

What aspects of CEO succession planning are most challenging for your board?

(Respondents could select all that apply.)

Challenges	%
Maintaining a robust succession pipeline of internal talent	58%
Effectively assessing readiness of internal candidates	40%
Developing a long-term plan for succession	37%
Aligning succession with the strategic needs of the organization	30%
Determining when to recruit externally versus internally	25%
Proactively discussing succession with the current CEO	23%
Aligning with the current CEO on the selection of the next successor	18%
Developing an emergency plan for succession	15%
Addressing succession planning with appropriate regularity	15%
Continuity of plan after the departure of individuals in the pipeline	13%
Securing board alignment on key criteria for the next CEO	12%
Developing and executing a transition plan for the new CEO	11%
Developing the board skills to effectively conduct succession planning	10%
Disclosing the succession plan to stakeholders (e.g., investors, employees)	8%
Other	3%

n=203

Which of the following practices related to CEO succession has your board performed over the past 12 months?

(Respondents could select all that apply.)

Practices	%
Discussed long-term succession planning (e.g., 3–5 years)	75%
Identified an interim CEO in the case of an emergency	71%
Assessed a pipeline of internal candidates	58%
Discussed the current CEO's role and expectations in CEO succession planning	44%
Communicated clear expectations to management regarding board-level reporting	41%
Engaged directly with potential internal successors	39%
Developed or reviewed a formal CEO succession plan	39%
Changed the role of an internal candidate to assess leadership potential	33%
Assigned clearly defined roles to the full board	31%
Delegated specific elements of CEO succession planning to relevant committees	31%
Discussed a detailed succession timetable	25%
Performed a competency analysis against future strategic needs	18%
Engaged an executive search firm to identify a CEO successor	18%
Tied CEO compensation to their success in developing the leadership pipeline	11%
Participated in continuing education on CEO succession planning	10%

n=197

If your company's CEO left the company tomorrow, does the board have a successor identified who could effectively fulfill the CEO role?

Response	%
Yes	59%
No	30%
Not sure	10%

n=212

Has your company replaced its CEO in the past five (5) years?

Response	%
Yes	52%
No	48%
	n=207

Was the CEO's departure planned or unplanned?

Only presented to respondents indicating that the CEO had been replaced in the past 5 years

Response	%
Planned	68%
Unplanned	29%
Not sure	3%
	n=107

How effective were your board's succession planning efforts to fill the CEO position?

Only presented to respondents indicating that the CEO had been replaced in the past 5 years

Effectiveness	%
Extremely effective	35%
Very effective	39%
Moderately effective	13%
Slightly effective	8%
Not effective at all	6%
	n=106

What was the biggest challenge your board faced during its CEO transition?

Respondents could select all that apply.
Only presented to respondents indicating that the CEO had been replaced in the past 5 years

Challenge	%
Building a trusting relationship between the board and CEO	39%
Monitoring internal dynamics between the new CEO and the executive team	34%
Clarifying the rules of engagement between the board and management	27%
Developing a formal transition plan for the new CEO	24%
Effectively transferring institutional knowledge to the new CEO	15%
Setting overly broad expectations for the new CEO	12%
Familiarizing the CEO with the company's culture	9%
Confronting poor strategic choices made by the new executive	6%
Other	11%

n=144

Which of the following takes primary responsibility for CEO succession planning?

Group/Individual	%
The full board	51%
Nominating and governance committee	24%
Board chair	7%
Dedicated board working group	7%
Compensation committee	6%
Combined Board Chair/CEO	2%
Sitting CEO	2%
Human resources leadership (e.g., Chief Human Resources Officer)	1%

n=204

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