

CEO Transitions: How to Avoid a Bumpy Exit

Five takeaways from over 1,000 current and former CEOs about transitioning out of the role

Our Measure of Leadership series highlights the findings from regular surveys of CEOs and board directors globally, focusing on how they are navigating a complex and rapidly evolving business environment.

CEO succession is one of the most critical and high-stakes responsibilities of a board. For CEOs, how they leave is part of their legacy. And while CEOs and directors recognize the importance of a well-planned and executed handoff between CEOs, we know from our work on thousands of successions globally just how challenging and emotionally complicated CEO transitions can be. To dig deeper, we surveyed over 1,000 current and former CEOs and presidents across Asia, Europe and North America about their expectations and experience related to their transition. Three-quarters of the former CEOs were sitting board directors who shared that perspective as well.

Some of the responses surprised us: Are CEOs really planning on five-year terms? Are director and CEO perceptions about who leads succession planning actually that far apart? Based on our day-to-day experience working with boards and CEOs on successions and transitions, we suspect that, like CEO transitions themselves, there is a lot more going on beneath the surface.



Here are five key takeaways from the data, and some personal responses from CEOs that add nuance to the numbers.

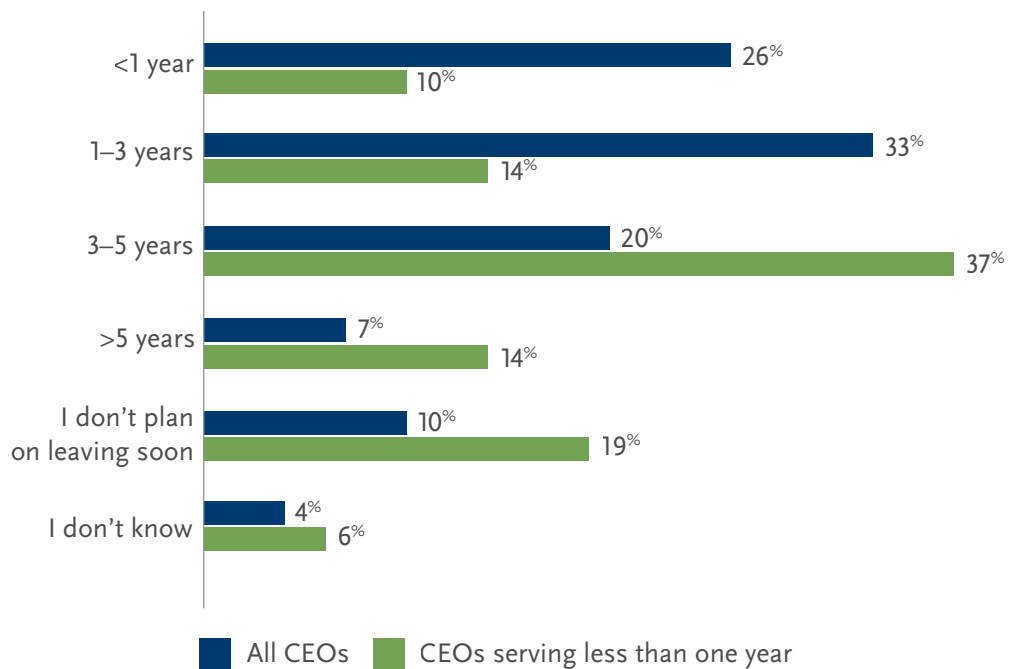
FOR BOARDS

1. Many CEOs seem to be planning for a five- to six-year tenure.

Four in five sitting CEOs — including 61% of CEOs in their first year — say they plan to leave their current roles within the next five years. More than half of all CEOs we surveyed expect to leave within the next three years, and one-quarter say they expect to leave in less than a year.

CEO DEPARTURE PLANS BY TENURE

Nearly 60% of CEOs, including 24% of CEOs in the role for less than a year, expect to leave their position within three years.



Our annual CEO transitions research shows that CEO tenures are, in fact, shrinking. In the U.S., the average tenure of [S&P 500 CEOs](#) leaving their role declined three years to 8.3 years between 2021 and 2024. The average tenure of departing CEOs of top [European companies](#) was 7.4 years in 2024, a year less than in 2022. More than 40% of departing CEOs in Europe served less than five years in the role, compared to one-third in 2023. There are a variety of reasons behind CEO transitions, but overall we have seen boards encountering more external pressure to intervene sooner when performance wanes.

The timing of a CEO's departure is critical information for succession planning. CEOs know they serve at the pleasure of the board and appreciate boards' need to know their plans. However, they're also wary of locking themselves into an explicit timeline too early and "letting the genie out of the bottle."

This appears to be playing out in the survey, with the majority of active CEOs saying they expect to leave in one to five years. While in our experience, many boards expect CEOs to serve longer terms, the ambiguity around timelines came through in CEOs' written responses. "To be clear, given that this succession is three years out and a clear successor has not been agreed to, and others are looking to me to lead current and future growth — at least for a few years — the succession is 'soft' at this point in time," said one. Another remarked, "It is still several years out but [board members] were appreciative of the discussion of possible timing to allow for proper planning."

Still, tenures are shrinking. Are boards factoring different tenure expectations into their succession planning? There is a good chance many haven't, given that only 27% of sitting CEOs have agreed to a firm transition timeline with the board.

Our point of view:

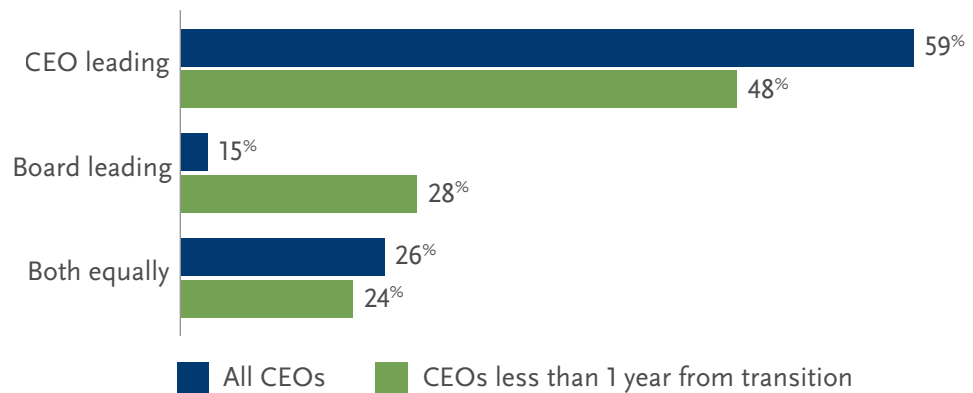
- » There is no universally right or wrong tenure for a CEO, as circumstances can suggest different needs. However, two things are true: First, a CEO transition is a time of disruption and distraction for any organization and, second, there is always a desire to retain a high-performing leader if they are still the right leader for the context. Our research suggests that it takes most leaders three years to hit their stride, and most peak around year five, which aligns with how long many CEOs see themselves in the role. Boards should consider whether they are evolving their approach to succession planning in light of potentially shorter CEO tenures and track the readiness of potential internal successors, while maintaining a pulse on the external talent market.

2. CEOs may be playing too big a role in managing their own succession.

Boards have the ultimate responsibility for selecting and overseeing the performance of the CEO, yet only 15% of all CEOs report their boards being the "leader" in succession planning. Fifty-nine percent say they are in the lead, and another 26% say they share responsibility equally with the board. CEOs of larger companies — those with \$500 million or more in revenue — and European companies are somewhat more likely than CEOs of U.S. and UK companies to say the board leads the process. Even when we zoom in on CEOs who estimate they are less than a year away from leaving the role, nearly half say they are leading the succession process.

WHO LEADS SUCCESSION PLANNING?

Only 28% of CEOs who are within a year of leaving the job said the board leads CEO succession planning in their organization.



If, indeed, so few boards are formally leading succession planning at their companies, especially close to a transition, that is concerning. Every board, CEO and situation is unique, but the board should always take ownership of the succession path even if they are relying on the CEO, with the support of the CHRO, to develop internal leaders along the way. The board should be crafting the CEO scorecard, holding the CEO accountable for development and driving the process. Ultimately, successful succession programs are founded on a well-defined partnership among the board, CEO and CHRO, where each party plays a clear role. Our data suggests that clarity may be lacking in some companies.

Even CEOs expressed a desire for more intentional board engagement in this area. “Nothing was defined by the board, so I managed the transition on my own,” said one CEO. Another wrote, “In this case, where the board fully owned the succession process, they needed to be more thoughtful in building the plan (not just reacting to my direction), ASK me what I’m doing and what the new guy should focus on, and take ownership of the onboarding process.”

Our point of view:

- » Realistically, in high-performing companies, boards often rely heavily on the CEO’s input on the succession process. While we applaud this collaborative approach, we also think it is critical that the board step back to consider the long-term view of the business and what may be different for the next CEO. These may be blind spots for the current CEO. Ideally, boards oversee a process that includes and engages the CEO but also allows for the board to fully exercise its duty.

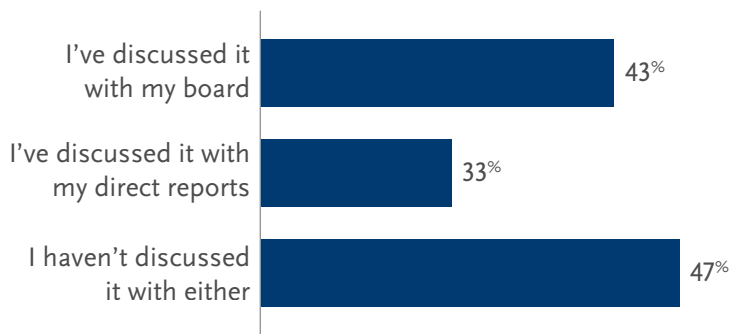
3. Clear communications and timelines are essential for a healthy transition but talking about plans early can leave CEOs feeling vulnerable.

Current and former CEOs were closely aligned on the factors that are most important to the health of an organization when a CEO leaves. But it's not always easy to make best practice a reality.

Nearly all respondents said it was very important to clearly communicate with employees, while roughly 70% said the same about the board and CEO agreeing on a clear transition timeline. Yet 47% of the active CEOs in our survey had not discussed transition planning at all with their board or their direct reports. Only one-quarter said they had aligned with the board on a transition timeline. Even among CEOs planning to leave in less than a year, just 58% had discussed transition planning overall and 39% said they had agreed with the board on a clear transition timeline. Meanwhile, most current board members (54%) say they would ideally like to have at least one year of notice from their CEO before a transition.

COMMUNICATING TRANSITION PLANS

Fewer than half of CEOs said they have ever discussed transition planning with their board. This includes 58% of CEOs expecting to leave in less than a year.



The challenge for boards and CEOs: how to start the conversation about transition planning and timing without painting the CEO in a corner. Reflecting the challenge of getting these conversations right, one CEO wrote, "Board members were somewhat surprised. They decided on an immediate transition, which I believe was a mistake. Direct reports were emotional and concerned but also not surprised based on signs and prior conversations." Advised another CEO, "Don't have any illusions about the fact that once the decision has been made, you should move on and not drag it out. Long overlaps don't work. Once the decision is made, you should pass the baton."

Our point of view:

- » The benefit of the board truly taking ownership of succession is that it can turn an awkward conversation about tenure into a simpler scenario-planning discussion, in which the board creates plans for emergency succession, a short-term succession (usually 2-3 years) and a longer-term succession (usually 4-5 years). The board should set the scorecard, evaluate it regularly and identify possible internal solutions with the CEO's input on current team performance and potential but with an objective lens that also does not project a favorite or an answer.

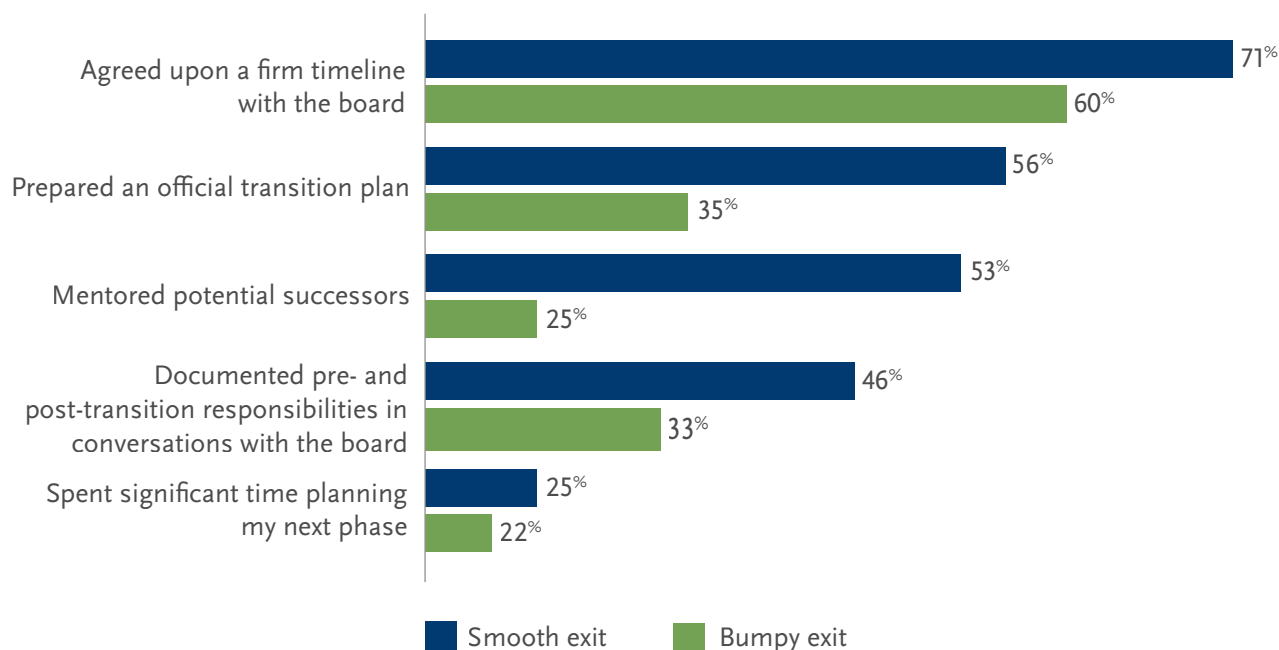
4. Nearly half of former CEOs said their transition out of the role was “bumpy” or didn’t go well.

Only half (54%) of former CEOs described their transition as smooth, and 17% saw room for improvement in their own role in the transition, saying they could have left better or that they left “less than gracefully.” The same percentage of board members who have been through a CEO transition said the departing CEO “handled it poorly.”

So where do problems arise? Former CEOs who reported a bumpy exit were half as likely to report “mentoring potential successors” than those saying they had a smooth exit. They also were less likely to prepare an official transition plan, document responsibilities with the board and agree upon a firm transition timeline. Self-assessed “smooth exits” were more likely for founder CEOs and CEOs who had been in their role for long periods. CEOs whose transition was not voluntary were quite unlikely to remember a smooth transition.

ELEMENTS OF A SMOOTH CEO EXIT

Former CEOs reporting a smooth exit from the role were significantly more likely to agree on a timeline with the board, have a transition plan and mentor successors.



There may be another force at play explaining former CEOs' views about their transition: ambivalence about leaving a role that defined their life for so many years. Reflecting this ambivalence, one CEO wrote, "What do I do next? A lot of my purpose is being a CEO." Many CEOs underestimate how personally challenging it will be to transition from a highly structured life organized around their job to an uncertain world where they don't have the same level of control. Most CEOs genuinely want the organization to succeed once they're no longer in charge, but many find it personally jarring not to be in charge anymore. Said one former CEO, "I wish I had pushed my board to accept a longer and more comprehensive transition with check points to ensure that my successor was ready to take the reins."

Our point of view:

- » By pushing a sitting CEO to consider their potential timeline earlier, boards can help ensure CEOs have a clearer sense of what they want to do as their next chapter and how they can best contribute to the success of the next CEO. Getting ahead of potential compensation disconnects can also be critical, as many transition bumps result from a mismatch between the ideal transition timeline and the vesting date of a large equity holding or other incentive that can skew the timing for the incumbent.

FOR CEOs

5. Many sitting CEOs expect to serve in another CEO role. The reality? Post-CEO life for most includes a portfolio of personal and business pursuits, including board service.

More than 60% of sitting CEOs say they are considering board service and another CEO role. While board service was part of post-CEO life for 54% of former CEOs in our survey, only 7% took another CEO role. And while we have seen an increase in the appointment of experienced CEOs in recent years, only about 14% of newly appointed S&P 500 CEOs since 2010 had been a CEO at another company. Instead, former CEOs are more likely to take on consulting or other part-time work, engage in personal pursuits and hobbies, and mentor or coach others.

PLANNING FOR LIFE AFTER CEO

While many sitting CEOs expect that they will take another CEO job, former CEOs participate in a diverse set of personal and professional activities. Only 7% served as a CEO again.

Activity	What former CEOs said they did post-role	What current CEOs say they are considering
Personal pursuits and hobbies	55%	28%
Consulting or other part-time work	54%	28%
Board service	54%	62%
Mentoring or coaching	48%	31%
Managing existing investments	39%	19%
Volunteering and philanthropy	26%	20%
Private equity	26%	35%
Investing in early-stage companies or funds	25%	16%
Another non-CEO executive role	17%	17%
Not-for-profit operating leadership	10%	11%
Another CEO role	7%	61%
Public service or government	5%	7%

Many CEOs expressed their aspiration for another CEO role in their written comments, including “the ability to continue to grow as a CEO by learning a new business and developing new talent. The idea of being able to use my skill set to help another company grow and transform is very exciting.” While others looked forward to a lifestyle with more balance, including “new challenges, meaningful board work, more time for other things than the operational grind.”

In our experience, CEOs approaching their transition — and in the months and years following — undergo a learning journey that helps them determine where they want to spend their time. For many, the bar gets higher, as they seek to define the pursuits that give purpose and stability to their post-CEO life.

Our point of view:

- » While the CEO role is often all-defining and consuming, the transition out of it can be abrupt and sudden for many. Being a CEO is often the pinnacle of someone’s professional career, so it is important to begin working early to define what you want to do next and to reshape your identity and connections for your post-CEO chapter. Consider what you will miss when you leave your chief executive life behind and how else you might fill those gaps and fulfill your drive to create impact. Doing this work has enormous benefits for the CEO — and for the company: it turns out that having a CEO with a secure and thought-out post-CEO plan also helps drive smoother CEO successions.



Like so many elements of the board and CEO relationship, transparency and trust are the keys to smoother, more successful leadership transitions. Boards that create a safe environment for CEOs to engage in discussion about succession and their broader plans can give CEOs the confidence to be specific about their timeline. By the same token, CEOs should strive to develop the degree of trust and confidence with the board to be able to be open and honest, including about their transition plans. Both should push for clarity about their respective roles and expectations, creating an openness about succession and leadership development. We have found that the [relationship between the board chair and CEO](#) is critical to building this kind of trust.





About Spencer Stuart's Global Board and CEO Practice

Drawing on our deep understanding of the challenges facing boards and CEOs, along with our groundbreaking research on CEO and board performance, our consultants help boards, CEOs and CHROs navigate the high-stakes leadership decisions that make a critical difference for the future of their teams and organizations.

About Spencer Stuart

At Spencer Stuart, we know that leadership has never mattered more. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises, on their stakeholders and on the world around them. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 60 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, and many facets of culture and organizational effectiveness, particularly in the context of the changing stakeholder expectations of business today. For more information on Spencer Stuart, please visit www.spencerstuart.com.

