

Warren Partners

Successful succession

A Warren Partners report

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Executive Summary

Succession is one of the most consequential responsibilities facing boards, yet it remains one of the least consistently well handled. Shorter executive tenures, rising stakeholder scrutiny and faster shifts in strategy mean leadership transitions are no longer rare, contained events. They are frequent stress tests of governance, culture and board effectiveness. When succession is treated as a last-minute exercise or as a purely technical process, the consequences can be destabilising – eroding trust internally, unsettling investors and exposing weaknesses in oversight.

This report examines how boards, chairs and non-executive directors can approach succession as a continuous governance discipline rather than a reactive contingency. Drawing on Warren Partners' experience advising organisations across sectors, alongside external research and real-world examples, it explores why traditional succession planning often fails and what distinguishes organisations that navigate leadership transitions with confidence. The focus extends beyond CEO replacement to include pipeline depth, cultural continuity and board readiness to manage moments of change.

The evidence is clear: succession planning supports performance and stability only when linked directly to long-term strategy and stewardship. Boards that delay these conversations or treat succession as a compliance exercise increase the odds of disruption at precisely the moment stability is most needed.

Succession as a strategic risk

Boards have long acknowledged that succession matters. What has changed is the speed at which leadership failure now translates into commercial and reputational damage, and how quickly leadership uncertainty becomes visible to investors and employees. A poorly handled transition does not stay inside the boardroom. Employees read it as instability, investors as weak governance and regulators as a control failure.

External evidence points in the same direction. [Deloitte research](#) on the “succession planning paradox” found a wide gap between intent and execution: while 86 per cent of leaders viewed leadership succession as an urgent or important priority, only 14 per cent believed their organisation did it well. A [2025 Harvard Business Review](#) report argues that many succession processes have not kept pace with higher turnover and faster strategic change, and sets out four practical shifts: moving beyond replacement planning; spending less time on rating people and more time preparing them; treating succession as an execution discipline with clear ownership; and holding leaders accountable for developing future leaders.

Within financial services, expectations are more explicit. Regulators look for clear, credible succession plans not only for CEOs, but for chairs and non-executive directors. Rupert Gibb, Partner at Warren Partners, notes that this reflects the sector’s sensitivity to disruption: “A well-thought-out plan mitigates risk by preparing for both planned and unplanned transitions and protects shareholder and member interests. In financial services in particular, regulators expect succession to be demonstrably robust.”

“Too many boards treat succession like a box to check only when a departure is imminent. The most resilient and high-performing organisations embed succession planning into their ongoing governance.”

Rupert Gibb, Partner, Warren Partners





Why traditional succession planning keeps failing

The problem is rarely awareness. It is execution. Across the research and Warren Partners' experience, several failure points recur. The first is that it's treated as episodic, not continuous. Boards discuss succession when a transition is imminent, not as an ongoing discipline. That leaves little time for development, testing and course correction – and almost none for unexpected departures.

Even where succession is discussed earlier, the emphasis often falls on calibration rather than preparation. Boards can spend more time classifying potential successors than preparing them. Individuals are described as “ready” or “nearly ready”, but their roles, responsibilities and exposure remain largely unchanged. When a transition accelerates, the organisation discovers that confidence in the bench is thinner than the paperwork suggests.

Human behaviour further distorts the process. Anxiety, self-preservation and internal politics frequently derail plans. Incumbents may hesitate to develop successors who appear “too ready”, while boards can default to familiarity or perceived safety, rather than evidence drawn from how individuals perform in demanding roles, unfamiliar contexts and moments of pressure.

Accountability is often unclear. Responsibility can sit ambiguously between the board, the chair, the CEO and HR. When responsibility is unclear, succession planning drifts. Plans are agreed but not executed, development is postponed and potential successors remain largely unchanged in role or exposure.

Most critically, succession planning is rarely aligned with future strategy. Too many plans mirror today's organisation chart rather than the leadership capabilities the business will require in three to five years' time. As Julia Fearn, Partner at Warren Partners, says: “Unfortunately boards cannot define with precision what the business will need next. All alone is reshaping industries at a pace few predicted five years ago, and black swan events like the pandemic have shown how quickly assumptions collapse. That doesn't mean we stop planning. It means we focus on adaptable leadership – judgement, resilience and the ability to lead through change.”

Boards often respond to uncertainty by retreating to continuity. When the future feels unclear, “safe hands” can become more attractive than long-term capability shifts. The same instinct can be common in family businesses, where control, legacy and loyalty sometimes override a harder assessment of what future leadership will require.

The human reality: power, identity and the reluctance to let go

Succession is not only a talent exercise. It is an emotional and political one, because it intersects with power, status and identity. Warren Partners experts have found that organisations struggle when they take a dispassionate, process-led approach that ignores how people experience succession. A more effective tactic is to recognise the emotional impact of succession on incumbents and successors, while still applying clear criteria and evidence to decisions.

Laurence Vallaeys, Partner at Warren Partners, describes the tension: “The head says one thing, but the heart says another. Succession is an emotional topic. It asks leaders to plan their exit without signalling loss of control to investors or stepping back from a company that feels inseparable from their own identity.”

Boards can reduce fear by shifting the conversation away from “who replaces whom” and towards future capability. Laurence notes that succession is more effective as an ongoing discipline rather than a box ticking exercise. It’s also imperative for it to be an ongoing strategic question: “What leadership skills will our evolving strategy require?”



“The head says one thing, but the heart says another. Planning your exit without appearing to lose control is deeply emotional.”

Laurence Vallaeys, Partner, Warren Partners

Internal versus external: what the evidence suggests

Boards often reach for an external “saviour” when performance is under pressure. Yet evidence suggests this instinct can be costly. [A Yale School of Management study](#) of Fortune 500 CEO appointments over the past five years found that insiders promoted to CEO consistently outperformed outside hires on total shareholder returns, with especially sharp underperformance by outsiders in the first year. Professor Jeffrey Sonnenfeld’s verdict on the performance gap was blunt: “It’s not even close.”

This is not an argument for complacency. It’s an argument for discipline. Boards should benchmark internal successors against strong external candidates but avoid the reflex assumption that an external hire is inherently more transformational. Laurence sees the internal-versus-external debate as a development problem in disguise: “Internal candidates often fall short not because they lack ability, but because they haven’t been given enough stretch, exposure or visibility,” she says. “Long tenure can also breed insularity. Boards should expect future leaders to have operated outside their comfort zone – across functions, in different markets or under investor scrutiny. That’s what makes internal succession robust.”

Rupert Gibb argues for a balance between continuity and renewal: “Build a strong internal pipeline to preserve culture and institutional knowledge. At the same time, keep a window open for external candidates who can inject new ideas and perspectives. Sometimes, the best approach is a hybrid.”

Readiness is built through experience

Most succession processes can generate names. The harder task is generating leaders who are genuinely ready to lead at enterprise scale. [Research from Bain](#) shows that leadership readiness is created through deployment into roles that carry real strategic weight. The report suggests that organisations often invest heavily in identifying and developing talent, only to undermine that effort by failing to place future leaders in positions that build breadth, judgement and commercial accountability.

Where high-potential individuals remain confined to functional silos, they may excel as specialists but lack the rounded experience required of an “all-encompassing” CEO role.

Boards should expect every “successor” label to come with a development plan. Practical suggestions from Laurence include:

- Give successors material **P&L responsibility**, ideally in more than one context.
- Use cross-functional moves, rotations and job swapping to **build breadth**.
- Give candidates **visibility with the board** – presenting, being challenged and owning outcomes.
- **Prepare for the unexpected** by identifying interim and emergency candidates, not just long-term successors.

She also advocates for bench strength: develop at least two credible options for critical roles to de-risk outcomes and avoid single-person dependency.

“Succession planning is often framed as a future problem. In reality, the quality of leadership transitions reflects years of decisions about development, exposure and accountability.”

Laurence Vallaey, Partner, Warren Partners



Diversity and succession: the pipeline issue boards cannot ignore

Succession planning is one of the most practical levers boards have to address leadership diversity because it forces a discussion about who gets development, sponsorship and exposure.

Julia Fearn flags a persistent issue: “It’s well documented that there are far too few female CEOs. And when they do make it to the CEO seat, typically via an internal route, their tenure tends to be shorter.” Her conclusion is governance-focused: boards need “a constant focus on that pipeline coming through and developing talent into succession potential.”

UK regulatory evidence reinforces this point. [Research from the Financial Reporting Council](#)

links diverse boards to stronger corporate culture and improved performance, noting that inclusion, challenge and better decision-making tend to follow when leadership teams are not drawn from a narrow pool. Crucially, the FRC frames diversity as an outcome of governance discipline rather than a standalone objective.

The implication is to treat succession as a pipeline health check. If there are no diverse successors in view for key roles, that is not only a “market” problem; it is often a development and exposure problem inside the business.



The owner-managed challenge: too busy to plan

Owner-managed businesses face an additional risk: overconfidence without planning. A survey of more than 500 UK business owners, [reported by IFA Magazine](#), found that 48 per cent had no exit strategy and 37 per cent had no succession plan. Despite this, 71 per cent believed they could step back in the most tax-efficient way, and 41 per cent expected to step away within the next decade. The gap is stark: high confidence, low preparedness.

Research on founder-led businesses helps explain why this persists. In [The Founder's Dilemma report](#), professor Noam Wasserman

shows that founders consistently delay succession not because they reject the idea in principle, but because control, identity and value creation become tightly intertwined. Planning an exit can feel like relinquishing stewardship rather than exercising it.

For boards and private company owners, the implication is clear. Succession is not a retirement project to be addressed once value has been “maximised”. It is a resilience discipline. The real test is how exposed the organisation is if health, reputation or strategy force change sooner than expected.

Family firms: trust, staged responsibility and philanthropy as practice

Succession challenges are amplified in family firms because the handover involves multigenerational relationships and identity as well as capability. Yet family-firm practice also offers lessons for public and private companies.

[Barclays Private Bank research](#) stresses trust. In its survey of global high net worth families, more than half of wealth creators lacked trust in the next generation's ability to manage the family business. The remedy is not reassurance; it is structured opportunity. Strong family businesses formalise this by encouraging younger family members to spend time working outside the family firm, as well as mentoring and coaching them on the distinct responsibilities of shareholder, executive and leader. In that sense, succession is treated less as inheritance and more as a structured progression of accountability.

[A Financial Times article](#) (produced with Julius Baer) sets out a staged approach used by many families: early observation and mentoring, defined projects where heirs propose and execute and board participation only after competence is demonstrated.

Philanthropy can also be a low-risk environment for young heirs to develop governance instincts, stakeholder management and stewardship. Many families also use philanthropic projects as a structured setting for learning – building financial literacy, accountability and decision-making before a full transfer of power.

Rupert Gibb sees parallels for companies outside the family-business world. “Philanthropic involvement can build EQ and stakeholder-centric thinking, develop moral authority and social credibility and help leaders understand non-financial drivers of long-term value,” he says. In other words, when senior leaders or high-potential executives are given responsibility for charitable foundations, corporate trusts or social impact programmes, they are placed into roles that mirror many of the demands of enterprise leadership, but without immediate commercial risk.



What effective boards do differently

- The most effective boards treat succession as a standing craft of governance. They make it continuous. Succession is a regular agenda item, revisited as strategy and people change, not a once-a-year review.
- They align it to future strategy. They ask what capabilities will be needed in three to five years, then develop candidates accordingly – a key shift to future proofing.
- They build bench strength. They develop at least two credible options for key roles to reduce dependency risk.
- They manage the human dynamics. They acknowledge that succession triggers anxiety and self-preservation and design a process that creates trust while staying objective.
- They use evidence. They expect data and structured assessment to inform decisions and do not discard it when politics appears.
- They communicate. They avoid leadership vacuums by planning interim cover and signalling preparedness without naming winners prematurely.

“Succession planning is a board craft. It requires judgement, consistency and the courage to act early.”

Laurence Vallaey, Partner, Warren Partners

Succession planning is no longer a background governance task. It is a visible indicator of board effectiveness and organisational resilience. Those that engage early and consistently will manage change with confidence; those that do not could discover the cost when it is least affordable.



Case Studies



When succession and governance collide

Nestlé's leadership upheaval illustrates how succession issues rarely exist in isolation. Multiple CEO changes in a short period, alongside governance and conduct issues at the top, created uncertainty and invited scrutiny. The lesson for boards is not the details of the scandal, but the fragility created when leadership continuity and the board's narrative are unclear. Clear interim planning, decisive oversight and credible communication become essential when transition accelerates.



Continuity through internal development

IBM's succession history is often cited as an example of building leaders with deep institutional knowledge and the breadth to manage complex transformation. The lesson is that internal succession is strongest when leaders are developed across functions and given exposure to strategic change well before the top job is in view. Boards that invest in breadth of experience create optionality rather than dependence on an external rescue hire.



The cost of prolonged uncertainty

Disney's leadership changes underline a different risk: when timelines stretch and roles blur, succession becomes personalised and credibility suffers. Multiple extensions and reversals – **as Disney experienced for several years** – can leave the organisation looking unsettled, even when the leadership bench is strong. For boards, the lesson is about clarity: define decision points, plan transitions decisively and communicate a process that prioritises the organisation over individuals.

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