

‘The longer you wait, the harder it becomes.’ How To Replace an Iconic CEO



It’s not uncommon for larger-than-life CEOs, like Steve Jobs or Bob Iger, to leave an outsized imprint when they depart their company. And with today’s record CEO turnover, there will likely be more big shoes to fill. All of which makes succession planning even more difficult, because you’re not just looking for a new CEO. You’re looking for someone to carry on a legacy and brand identity that’s been closely tied to the CEO’s persona.

In such cases, board members may be reluctant to undertake succession planning—until it’s too late. This is just one of several mistakes that can occur when seeking to replace an “irreplaceable” CEO.

Here are our thoughts on several other pitfalls to avoid:

TRYING TO FIND A CLONE OR A POLAR OPPOSITE It’s natural for boards to feel anchored to the persona

of the incumbent CEO—or, depending on the health of the business, the exact opposite. While trying to find a replica may seem natural, it’s a deeply flawed approach, because cloning can cause stagnation.

On the other hand, a 180-degree turn can cause culture shock and alienate employees. The solution lies in conducting a success profile to explore the future of the industry and the competitive landscape with the goal of determining the leadership characteristics needed to future-ready the company.

STAGE-MANAGING TOP TALENT Many powerful CEOs control access to their leadership teams; they’ll work hard to stage-manage board meetings to ensure their team appears as competent and aligned as possible. Such careful curation can lead directors to develop narrow, biased views of the company’s potential leaders. Board members should develop one-on-one relationships with C-suite members and periodically arrange for external benchmarking.

RELYING ONLY ON INTERNAL OR EXTERNAL CANDIDATES Many boards fall into the trap of relying too heavily on internal candidates or going too far in favor of external ones. Internal candidates are typically better fits, because they’re familiar with the company’s culture, but they’re often less ready for the top job. External candidates, meanwhile, are more prepared, but they don’t know the company culture and can face resistance from existing employees. To combat this, boards should consider talent landscapes while making sure to evaluate candidates on a level playing field.

TIMING COMMUNICATION INCORRECTLY One of the most critical errors is failing to communicate succession plans at the right time. Announcing a leadership transition too early can introduce unnecessary uncertainty and destabilize the organization. Conversely, the longer you wait, the harder it becomes, leading to confusion, speculation, and loss of trust.

Of all the possible mistakes, this is the hardest to codify. The key lies in understanding your stakeholders and making careful decisions about who to communicate with, what to communicate, and when. If we have one recommendation, it’s to err on the side of communicating slightly earlier, as delays can be more damaging than premature disclosures.

UNDERESTIMATING THE TRANSITION PERIOD Even when a successor is chosen well in advance, a new CEO can take longer than expected to settle in. There’s often a period during which both employees and external stakeholders feel uncertain, and failure to manage this period can lead to declining morale, employee attrition, and loss of investor confidence. One of the most effective ways to avoid this is through an apprenticeship in which the anointed successor works alongside the outgoing CEO for three to six months, gaining invaluable experience as well as time to establish credibility with the team.

NO SUCCESSION SCENARIO PLANNING It’s quite common for boardrooms to engage in scenario planning for critical contingencies like a cyberattack or financial crisis. But this level of preparation is rarely applied to succession planning. Indeed, there’s often no detailed discussion about specific potential succession-plan scenarios. Without rehearsing these scenarios, the board risks being unprepared and responding in an uncoordinated or disjointed fashion.

Replacing a larger-than-life leader can be a strategic opportunity to invigorate the company’s mission and pave the way for future growth and innovation. Though replacing a legendary CEO may seem daunting, the process can be profoundly meaningful. ▀

Replacing a larger-than-life leader can be a strategic opportunity to invigorate the company’s mission.

Tyagarajan is a senior advisor, BCG & Bain Capital, and ex-CEO, Genpact. Mohanty is a Korn Ferry senior client partner of advisory services, based in India.