



CEO SUCCESSION PLANNING TEMPLATE

By Boardroom Metrics, Inc.

Updated January 2024

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This CEO Succession Planning Template is a fillable document for use by a Boards of Directors. It is helpful tool for defining the most important criteria and identifying/developing the next CEO.

Formalizing these criteria and implementing a plan for developing future successors are key elements of effective succession planning.

A description of the logic and steps for completing the Template and additional insight on CEO succession planning can be found starting on page 9.



CEO SUCCESSION PLANNING TEMPLATE

ORGANIZATION:

Name

Date

Email

Phone

CORPORATE OPERATING ENVIRONMENT NEXT FIVE YEARS

- What risks will the organization face over the next five years? The four key risk areas are legal, financial, external/market and internal/operations.
 - 1.
 - 2.
 - 3.
 - 4.
- What will the strategic priorities of the organization be over the next five years? Strategy is required to mitigate risks and execute the organization's mission successfully.
 - 1.
 - 2.
 - 3.
 - 4.
- What will the implications be for leadership over the next five years? Eg, Role, Goals, Leadership Responsibilities, Organization Change, Etc.

CEO SUCCESSION PLANNING CRITERIA

- What is your ideal description of the next CEO? Eg, Builder, Strategist, Change Agent, Operator, Etc.
 -
 -
 -
 -
- Define the ideal functional background of the next CEO. Eg, Finance/Accounting, Sales/Marketing, Legal/Compliance, Operations, Manufacturing, Etc.
 -
 -
 -
 -
- Define the ideal industry background of the next CEO. Eg, Current/Internal, Current/Competitor, Different/Complimentary, Different/Other, Etc.
 -
 -
 -
 -
- Define the ideal leadership skills and expertise of the next CEO. Eg, Strategic Planning, M&A, Turnaround, Team-Building, Culture Development, Etc
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 -
 -
 -
- Define the ideal job experience for the next CEO. Eg, Previous roles, Industries, Other experience like International
 -
 -
 -
 -

- Define the ideal educational requirements of the next CEO. Eg, MBA, LLM, CFA, CPA, Etc.
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 -

- Specify any additional criteria not included above.
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SUCCESSOR CEO PROFILE DESCRIPTION

- Based on your answers above, write a brief profile description of the ideal CEO. Include a prioritized description of the CEO's role and responsibilities, leadership priorities, background, expertise and other criteria. See Appendix A on page 12 for an example.

INTERNAL CEO CANDIDATES

NAME	READINESS RANKING (/10)	ADDITIONAL DEVELOPMENT

EXTERNAL CEO CANDIDATES

NAME	READINESS RANKING (/10)	ADDITIONAL DEVELOPMENT
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

NEXT STEPS INTERNAL SUCCESSION CANDIDATES

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

NEXT STEPS EXTERNAL SUCCESSION CANDIDATES

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

NOTES: COMPLETING THE SUCCESSION PLANNING TEMPLATE

Step 1 – Your Name

The Board (or Committee) should decide who will complete the template and provide input to the succession plan. At minimum, the following people should be included:

- a) the current CEO
- b) the Board Chair
- c) members of the committee responsible for CEO succession

Others who might be included:

- entire Board/other Directors
- past Directors
- management team
- other stakeholders

Generally, more input leads to higher quality results.

Step 2 - Operating Environment Next 5 years

The skills and expertise of the next CEO should coincide with the challenges and direction of the future organization. The purpose of this section is to help Boards clarify their perspective on the future organization and the implications for CEO leadership.

Step 3 – Succession Planning Criteria

The purpose of this section is to help the Board define the ideal characteristics of the next CEO. These characteristics should be consistent with the challenges and direction identified above. As the Board develops the succession plan, it will use these criteria to:

- Identify and rank potential successors both internally and externally
- Identify and fill development gaps of potential successors

There are six areas for the Board to consider:

i. The ideal description of the next CEO. This is a simple, helpful way of summarizing what the Board is looking for, ie, ‘we are looking for a builder’, or ‘we are looking for a visionary’, or ‘we are looking for a cost-cutter’, etc. This description should capture the priority expertise of the next CEO.

ii. The ideal functional background of the next CEO. This defines the core job background of the next CEO. For example, if the organizational emphasis going forward is on profitability, then a finance background might be ideal.

iii. The ideal industry background of the next CEO. Typically, but not always, CEO’s come from within the current industry. Is that what the Board is looking for or is there other industry experience that is required going forward?

iv. *The ideal leadership skills of the next CEO.* The CEO job is complex and requires a range of skills. However, depending on the organization and its situation, some skills may be more important than others at this time. What are the most important ones?

v. *The ideal job experience and accomplishments of the next CEO.* Often, organizations seek CEO's with previous CEO experience. What other job experience does the Board think will be helpful? It might be a range of job titles, roles, experiences and achievements.

vi. *The ideal educational requirements of the next CEO.* Some organizations emphasize education while others err on the side of experience and proven expertise.

Step 4 – Write a Profile that Describes the Next CEO

This profile is based on the work above. Its purpose is to clearly articulate the role of the next CEO and the qualifications and characteristics that the Board is seeking. Once completed, it should be shared with the entire Board. If there is additional feedback, it should be collected and considered. The Board should approve a final version of this profile and use it to assess progress/success in the recruiting and hiring process.

Step 5 - Identify Internal/External Succession Candidates

Potential successors should be identified, evaluated and prioritized versus the criteria the Board has established. Rank their readiness out of 10 and additional development required. Ideally, there will be internal candidates for the Board to consider. However, it is most common for CEO's to be recruited externally. There are pros and cons of both.

Step 6 – Next Steps in Candidate Recruiting and Selection

Once potential successors have been identified, the purpose of Step 6 is to lay out the actions the Board will execute to implement the succession plan. These steps range from engaging outside recruiters and communicating with internal candidates to executing individual personal development plans.

Overview and Summary - CEO Succession Planning

Effective succession planning is proactive and continuous. It is ongoing, including when the current CEO is in place. When a succession event occurs, a strong plan helps ensure the new CEO is named quickly with minimum risk and disruption.

The template here is one element of effective succession planning. Being clear on the current business environment, its implications on leadership, and the key characteristics of a successor CEO are important. So is having an up-to-date, clear picture of potential CEO successors. Plans to prepare internal candidates for the role help ensure best possible outcomes if/when one of these candidates is chosen. Relationships with recruiters and knowledge, insight, even relationships with outside candidates are also vital.

It's worth noting that most companies don't rate their succession planning efforts very highly.

Common succession planning mistakes include:

- o Leaving CEO succession to the Board Chair or other individual Board members
- o Poorly identifying the desired characteristics of a successor CEO
- o Waiting until a succession event has occurred to start succession planning
- o Failing to keep the Board fully informed of the succession plan and recruiting progress

The Board can address this by making succession planning a priority, assigning Committee accountability, and following up regularly on progress.

Finally, there isn't much difference between CEO succession and Board/Director succession planning. The process and benefits are almost identical. This tool can be used for both.

QUESTIONS, EDUCATION AND CONTACT

If you have any questions on this tool or require training on Board and/or CEO succession planning let us know. Boardroom Metrics conducts on-demand Board education on topics including Corporate Governance, Board and CEO Succession, Strategy for Boards, Board Evaluations and CEO Evaluations.

Email info@boardroommetrics.com or call 416-994-6552.

APPENDIX A - EXAMPLE CEO PROFILE

For our next CEO, the Board of Directors is seeking an experienced Corporate Finance professional who has planned and led Mergers and Acquisition strategies in the Finance or Insurance industries. The ideal candidate will have a proven track record of success in these areas and will be able to lead the planning and oversight of the Board's strategy to grow aggressively through mergers and acquisitions.

The next CEO will play a key role in planning the acquisition strategy; identifying, recommending approaching and closing acquisition targets; attracting strategic financial partnerships, and protecting the organization's financial sustainability.

The following are the five most important attributes that the Board is looking for in the next CEO:

1. Strategic Vision: The CEO must have a clear and compelling vision for the future of the company and be able to communicate that vision effectively to all stakeholders.
2. Leadership: The CEO must be an effective leader who can inspire and motivate employees, build strong teams, and foster a culture of innovation and collaboration.
3. Financial Acumen: The CEO must have a deep understanding of corporate finance, including financial analysis, budgeting, and forecasting. They must also have experience managing complex financial transactions, such as mergers and acquisitions.
4. Industry Expertise: The CEO must have a deep understanding of the Finance or Insurance industries, including market trends, competitive landscape, and regulatory environment.
5. Results-Oriented: The CEO must be results-oriented and have a track record of achieving measurable results. They must be able to set clear goals and objectives, develop and execute effective strategies, and hold themselves and their teams accountable for delivering results.

The Board expects the next CEO to be a collaborative and inclusive leader who is committed to building strong relationships with all stakeholders. They should be passionate about the company's mission and values and be able to inspire others to share that passion. Prior Board experience is an asset but not necessary.