The Succession Gap

Why boards need to plan before the vacancy.



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Leadership succession is one of the most consequential decisions a board will make, yet the preparation behind it often begins too late.

Across the Gulf, that issue is becoming more immediate. Many family businesses in Dubai established during the 1950s and 1960s anticipate a generational shift within the next five to ten years, according to Dubai Chambers cited in the Dubai Government's 2025 family-business guidebook.

The level of preparation is less certain. Ayth Al Mubarak, CEO of Saudi Arabia's National Center for Family Business, has said that 59% of Saudi family businesses do not have a clear succession plan. Lombard Odier's 2025 GCC Succession Planning Survey similarly found that 49% of high-net-worth families in the region without a succession plan continue to postpone the process.

The risk is not simply an unfilled position. A poorly prepared transition can disrupt strategy, weaken stakeholder confidence and force boards into one of their most important leadership decisions under unnecessary time pressure. The cost is measurable: research published in Harvard Business Review estimates that badly managed CEO and C-suite transitions wipe close to US$1 trillion a year from the market value of S&P 1500 companies, and that better succession planning would lift company valuations and investor returns by 20% to 25%.

Succession therefore needs to be treated as a strategic process long before it becomes an executive search.

THE GAP BETWEEN INTENTION AND ACTION

Most boards understand the importance of succession. Fewer have converted that awareness into a credible process.

The same pattern is visible internationally. Deloitte Private's survey of 300 US family-business executives, published in February 2026, found that 85% consider strategic CEO succession planning critical to long-term success.

While 57% have a CEO succession plan in place, only 23% are actively implementing one.

A succession plan is not simply a name in an envelope. It requires a clear view of the organisation's future leadership requirements, the strength of the internal bench and the quality of talent available externally, and enough time to assess, develop and benchmark potential successors before a search becomes urgent.

Without that groundwork, succession can quickly move from a strategic decision to a reactive recruitment exercise.

LEADERSHIP TRANSITIONS RARELY FOLLOW THE TIMETABLE

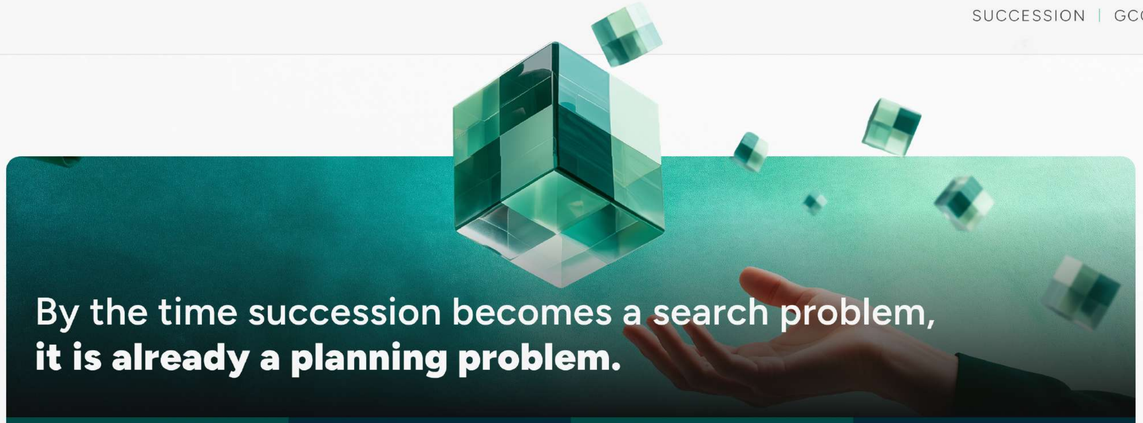
Recent US data provides a useful warning. Challenger, Gray & Christmas recorded 446 CEO departures from publicly traded US companies in 2025, the highest annual total on record and up from 373 in 2024. It also reported that 15.9% of incoming CEOs were appointed on an interim basis through the first half of 2025, compared with 9% during the same period a year earlier.

The US market is structurally different from the Gulf. However, the implication is relevant: boards cannot assume that leadership transitions will arrive on a planned timetable. Performance, shareholder expectations, strategic change and personal circumstances can all accelerate the need for new leadership.

THE BOARD NEEDS TO PLAN FOR CONTINUITY AND SUCCESSION

Every board should be able to answer one immediate question: **who runs the company on Monday?**

This need not be the organisation's next permanent CEO. It is about knowing who could provide credible leadership and continuity if the incumbent suddenly became unavailable.



Boards also need a longer-term view. A credible successor can take years to identify, assess and prepare. Looking three to five years ahead gives a board time to consider how the organisation will evolve, which capabilities the next CEO will require and whether they exist within the current leadership team.

Starting at the announcement is starting late.

LEADERSHIP CAPABILITY IS RELATIVE TO THE MANDATE AND TO THE MARKET

Before any candidate is considered, the board needs an honest diagnosis of where the organisation stands: its culture, its market position and its capability gaps. That is harder than it sounds; boards can be as prone to optimism about their own company as to pessimism. If the direction of travel is right, a continuity candidate from the existing leadership team is often the right choice. If the business needs a decisive change of course, particularly one involving cost cutting and headcount reduction, an external leader with experience of similar scenarios may be more appropriate. With CEO tenures widely reported to be shortening, companies are well advised to hire against their specific scenario.

Two studies cited in the ***Harvard Business Review*** research above bear this out: external CEOs added significant value where a company was performing poorly and destroyed it where it was performing reasonably well, and externally hired CEOs had an 84% greater chance of leaving within three years than internal successors, usually for poor performance.

Whichever route the diagnosis points to, internal candidates should not be assessed only against each other. The strongest internal successor may look different benchmarked against executives in comparable roles elsewhere; equally, the benchmark may show that an internal candidate is stronger than the board had recognised.

This is where executive search can create value well before a formal search begins. Market mapping gives boards a clearer view of leadership profiles, competitor talent, remuneration and career trajectories across comparable organisations, so internal candidates are assessed against the market rather than in isolation.

The purpose is not to default to an external appointment. It is to understand the quality of the available options before the decision becomes urgent.

SUCCESSION IS A LEADERSHIP DECISION BEFORE IT IS A HIRING DECISION

The most effective succession processes begin before there is a vacancy, a shortlist or a search mandate. They give boards time to define the future requirement, develop credible internal options and understand the external market, so the board makes one of its most important decisions from a position of preparation rather than reaction.

The plan has to exist before the vacancy does.

About ecap

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