

Attending to the Runners-Up: Creating More Inclusive CEO Successions

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Under the best of circumstances, CEO succession can be a weighty and organizationally uprooting process. Even the boards of companies with well-established approaches are doing their best to cope with the magnitude of uncertainty today and to create a process that is as inclusive and thorough as it can be. What is often a large concern is the retention of internal contenders for the role who will not ultimately be selected as the next CEO. Still, while this goal is frequently voiced upfront, we find that a careful understanding of the effects of the process on the runners-up is commonly neglected.

Boards are often solving for the CEO when they need to solve for the CEO *succession*—to remember, as the process evolves, that they are not just appointing one person; they are building a new team constellation. It is essential to act upon the idea that the organization's ongoing success is intricately linked to the experiences of *all* the candidates involved in the succession process and to recognize that prioritizing their futures and offering ongoing support will be beneficial to all.

The Status Quo

While retention rates for CEO succession runners-up are not widely disclosed, it is common for them to depart the organization after being passed over. Typically, a few different scenarios can take place. Some will reject the outcome as well as ongoing development/coaching and leave for other external posts. Some will even become CEOs elsewhere. Others do stay but, if not well integrated and supported proactively throughout the transition, they may not continue to grow, and opportunity is lost for all.

The propensity for candidates to leave underscores the importance of creating more professionally enhancing opportunities for these aspirational leaders during the process and beyond. Equally important is the need to ensure more transparent communication throughout the succession process, to not only keep it from becoming a “horse race,” but also so that participants are not blindsided by the outcomes.

What we have seen repeatedly is that runners-up who have both respect for the process and for the decision are more likely not only to be retained, but to advance as leaders and team members based on their participation and ongoing development. Again, this makes it so important to clearly articulate the reasons for the selection decision and to thoroughly discuss future opportunities for growth within the organization.

Creating a More Inclusive, Rewarding Process

Having worked on a substantive amount of CEO successions over the years, we strongly believe that this process should be made more organic and less crushing, where runners up can actively turn their experiences into knowledge and enlightenment as future leaders. This starts by creating a thoughtfully conceived process with careful attention to the thorough development plans for all the contenders—so that they can all move forward as more informed, better exposed and, overall, more self-aware leaders and team members.

For whatever reason these individuals were not selected, most organizations still need these talented leaders in their C-suite lending their expertise and support to the new transition and as part of the emerging team constellation. Ongoing connection and support, coaching, and development are the logical steps to continuing to make the runners-up feel supported and integrated into the organization's new chapter.

Here are a few suggestions as to how companies can begin to rethink their approach:

1. Shift the focus from replacement to development.

Really highlight the goal of developing a pipeline of capable leaders and potential partners to the future CEO (rather than narrowly looking just for the top spot). Position the process as helping in building skills, expanding experiences, and strengthening leadership depth and self-mastery, beyond simply “fitting” the

CEO specifications. The benefits of this approach to the entire organization are countless, most evidently in the [re]creation of a potentially new executive leadership team emboldened and future ready as a new transition begins.

2. Offer ongoing coaching and regular feedback throughout the succession process and afterwards.

Encourage these leaders, who so often have just experienced in their development significant advances in self-awareness, to keep it up with their ongoing growth and identity enhancement. And demonstrate that you are invested in their progress. If this intention is made plain upfront, it can help shift the focus of the succession process from a win-lose mentality to one centered on holistic leadership development.

This approach fosters an enriching experience for all participants and that can be integrated further after the decision. As you move from succession towards the transition, encourage the runners-up to reflect on key questions such as:

- What insights have you gained about yourself during this journey?
- What unexpected challenges did you encounter, and how can you address them?
- How can you leverage this experience to build resilience and strengthen your core leadership abilities?

Above all, offer them ongoing support, development, and further coaching to keep following the learning and pursuing their leadership goals.

3. Develop tailored career paths that align with the executives' aspirations and the company's needs.

Within these, assign significant leadership responsibilities that allow these individuals to have a meaningful impact on the company's direction. For example, introduce cross-functional moves, strategic projects, and leadership rotations that can help runners-up see their role as integral to the transition as well as part their own ongoing growth.

In the end, all contenders not chosen as CEO will be disappointed. There is no avoiding this. Still, they are more likely to be retained if they understand the decision and (again) have grown to respect it and the process leading to it. When participants know that they grew and became better with this process and felt well informed throughout, they are more likely to be grateful for their participation and to remain open and willing to explore new futures, honing their roles and continuing their development journeys. It helps immensely, of course, if they feel fully supported by their organization and still have trust in its leaders. Then, if runners-up take full advantage of the process, they come out more self-aware, curious about the world and themselves, having gained a stronger leadership identity which can set them and their companies up for greater success down the road.

In a world that is changing so rapidly and is less “knowable” than ever, it makes good sense for organizations and succession candidates to take more advantage of the opportunities that the succession process presents to develop more capable, expanded leadership and team constellations for this era. For one thing, the redirection from replacement to development might help retain more succession contenders. Moreover, all will benefit from this attention to deeper identity development, because these are the leaders we need in abundance today. Whether ultimately chosen for an immediate CEO spot or not, underscoring this intentional journey for the ongoing growth of all the world’s next generation of great leaders is where our hope and progress will lie.

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