

STEPPING-OUT
from the top team

Retiring senior leaders can look after themselves, can't they?

Survey Report: **September 2022**

By: **Dr Eversley Felix** and **Oliver Johnston**





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Abstract:

The purpose of this report is to explore whether organisations should provide support to help senior leaders leave their organisation successfully and in a timely manner.

It draws on empirical research by renowned commentators such as **Gratton (2017), Andrew J and Gratton L (2020), Levy (2022), Kenny (2022)**. A review of this literature shows a dearth of evidence of the support offered to senior leaders who are approaching retirement age and contemplating life beyond the organisation.

So, we were curious to explore how well equipped senior leaders are for this next step and find out more about the support offered to them. During this process, we were keen to find out if providing such support helps senior leader transitions and reduces the possibility of an unsatisfactory transition.

We then investigated whether offering such support to senior leaders should become an integral part of the succession planning process.

The findings presented here show that only **5%** of senior leaders are rated as very well equipped for a life beyond the organisation and only **9%** of organisations have a formal approach to helping them exit successfully.

It concludes that there is a strong business case for supporting senior leaders to think about and plan a successful and timely exit from the organisation as part of an effective senior leader transition process.



The Research Study Methodology

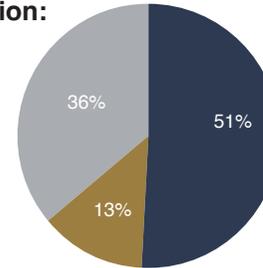
The research investigated the policies and practices of 92 organisations over a period of 8 months. Initially, we conducted 11 x 1-2-1 semi-structured interviews with senior leaders:

- 2 Board Chairs
- 3 CEOs
- 1 CIO
- 1 COO
- 4 CPO/HRDs

We were keen to understand their immediate responses to the provision of a service that ‘helps senior leaders step out from the top team successfully’. Aside from finding out if they think organisations should offer such support, we asked if there should be a formal approach. We received such a positive response that we decided to create a survey that explored this in greater depth.

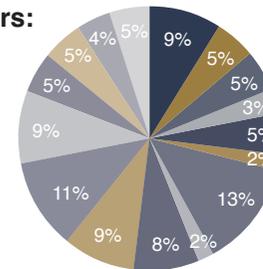
We focused on these sectors – Finance, Banking, Transport, Pharma, Hospitality, Law, Energy and Construction – in these countries and areas – UK, USA, Canada, Europe, Russia, UAE, Hong Kong, South Africa and the Caribbean.

Location:



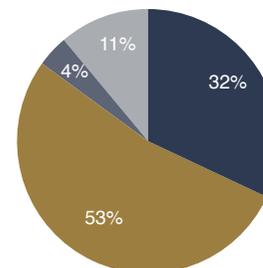
- UK
- EU
- Other – including USA, Canada, Russia, UAE, Hong Kong, South Africa and the Caribbean.

Sectors:



- Manufacturing 9%
- Energy 5%
- Construction 5%
- Retail and e-commerce 3%
- Food services 5%
- Communications 2%
- Financial and Insurance 13%
- Real Estate 2%
- Technology 8%
- Professional Services 9%
- Public Sector 11%
- Health 9%
- Not for Profit 5%
- Legal 5%
- Pharma 4%
- Other 5%

Size:



- Less than 500 employees 32%
- 501 - 20000 employees 53%
- 20001 - 40000 employees 4%
- Greater than 40001 employees 11%



Introduction:

'When's the right time to step out from the top team?' It's a question that many senior leaders are likely to keep asking themselves – as the age of a CEO and C-suite member currently averages 59 and 56, (**Analysis of Age and Tenure, Korn Ferry, 2019**) respectively. But, is it one that they should be left to answer on their own?

On the surface, it may appear this question needs little consideration. We tend to think of senior leaders as strong, resilient and capable figures. They're paid handsomely for their ability to make difficult decisions all the time, and for their expertise in executing them successfully. Why should the decision concerning their exit date be any different? They can handle it on their own, right?

Well, ok, senior leaders may not be the first demographic you think of that warrant sympathy – they're not exactly an endangered species. But, from our coaching work at Stepping Out, we know that many senior leaders experience a cocktail of negative emotions such as uncertainty and anxiety. This led us to speculate that they do not receive adequate support for the next phase in their career.

After years of hard graft and dedication, shouldn't they be given support to help them transition to the next stage in their life?

And, even if organisations remain unswayed by the argument for demonstrating duty of care – is there a business case for investing more money and time in improving the process?

Over the following pages is a snapshot of what we discovered from the survey.





Snapshot – the Report in Numbers:

5%

of senior leaders are rated as **'very well'** equipped for life beyond the organisation.

and

36%

are considered poorly equipped for life beyond the organisation.

23%

of organisations are rated **'very supportive'** of senior leaders who are thinking of, and/or planning to exit the organisation.

yet

68%

of senior HRBPs believe their organisations should be offering high-quality support.

9%

of organisations have a formal approach to help senior leaders exit the organisation successfully.

yet

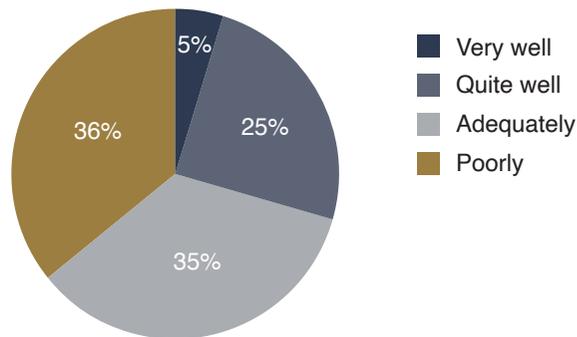
80%

of senior HRBPs believe a formal approach is required.



Survey report findings:

Q: How well equipped are senior leaders for life beyond their organisation?



5% of senior leaders are rated as 'very well' equipped for life beyond the organisation. **71%** are considered poorly or adequately equipped for life beyond the organisation.

71% of senior leaders are not prepared

71% of respondents don't believe senior leaders are well-equipped for life beyond the organisation. A number of reasons were highlighted for this – a lack of transparency and openness surrounding the issue, gaps in the organisation's knowledge regarding the subject, and a disparity between the financial and emotional support on offer.



We just don't know enough – a lack of discussion and a set of assumptions

In an analysis of the comments provided by respondents, over half of this group said that their organisations do not have any discussions with senior leaders to identify how well equipped they are. As a result, they tend to operate off a set of assumptions in the absence of direct discussion. A common thread throughout was the questionable assumption that senior leaders will be prepared because they're – as one noted – **'highly educated, trained, successful, self-motivated, and aware. They have been "self-starters" all their lives.'**

Others stated that they simply don't know, with one remarking: **'I think it's fair to say that we actually don't know how well equipped they are – I'm not aware that we actually ask them'**. Another acknowledged that although **'assistance and support would be provided'**, if requested, **'we probably could be more proactive about this'**.

Still a taboo subject

Some respondents suggested the topic of leaving the organisation remains taboo. One said: **'Life beyond the organisation could be discussed more openly in order to remove the anxiety and stigma around it'**. Another described the concept of equipping leaders for life beyond the organisation as **'foreign'**.

The whole picture

Many respondents highlighted that although senior leaders receive adequate support and help for financial planning, a more holistic approach was needed to aid their preparation for life beyond the organisation.

One respondent said: **'Leaders are financially equipped but there is minimal discussion or focus on how to prepare the whole self'**. Another remarked: **'We are well prepared in terms of the benefits resources and ensuring leaders have points of contacts for questions. But the emotional, mental and social aspects of life outside the organisation are not an area of focus'**.

Not on the agenda

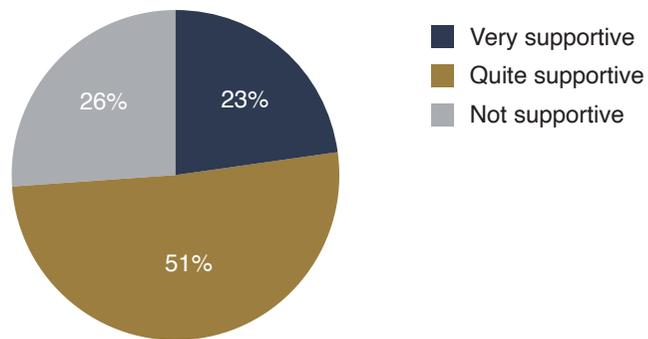
Some organisations stated that dealing with the **'here and now'** is more of a priority, which leaves little time for planning a future beyond the organisation.

One respondent said: **'Our leaders are primarily focused on 12-month deliverables. Some of our leaders are considering their succession, but the focus is on developing new senior leaders rather than the life the incumbents will have once they move on'**. For a small number, it simply wasn't applicable because the organisation's senior leaders were too young to consider retirement, or they were still in the start-up phase.

"I think it's fair to say that we actually don't know how well equipped they are – I'm not aware that we actually ask them."



Q: How supportive are organisations today to senior leaders who are thinking/planning to step out?



Less than one quarter of respondents rate their organisation as **'very supportive'** of senior leaders who are planning to exit, while just over one quarter rate them as **'not supportive'**.

We owe it to them

Of the former, a high number of respondents believe the organisation is indebted to senior leaders for their years of input and dedication. One remarked: **'Most have been part of building the business to what it is today. This is recognised and supported by the organisation'**.

Loyalty questioned

Of the latter, respondents highlighted a common perception within companies – the desire to leave equates to disloyalty.

One respondent remarked: **'If you indicate you might like to move on, you will generally be discounted'**, while another said their organisation would view thoughts of life beyond the company as **'disloyal'**. Another one feared they would become **'yesterday's news'** if they broached the subject.

Q: What support is on offer?

Of the support offered, some respondents referenced third-party services that help to **'support the exit process'**, and **'make sure they are better informed of the options available to them'**. Others highlighted services they employ – these include mentoring, coaching and retirement seminars, and outplacement services.

Some respondents noted that support is only given if several criteria are fulfilled – they've proved their worth, they're not leaving for a competitor, or they've reached the company's mandatory age for retirement.

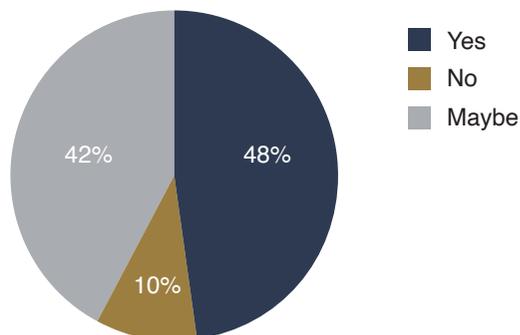


Failure to plan

Of the remaining respondents, **51%** described their organisation as '**quite supportive**' of senior leaders who are thinking of leaving.

However, across the spectrum of responses, inadequate planning and the lack of a formal policy were highlighted. One said that their organisation is '**helpful**' and '**kind**' when a senior leader decides to leave, but '**we fail to adequately plan for the event**' or '**ensure there is a seamless transition from one leader to the next**'.

Q: Should organisations employ a formalised approach, with supporting practices?



48% responded with a definitive yes to this question. From making a solid commitment to employee wellbeing, to removing stigma and improving transparency, many highlighted the benefits and opportunities this would create.

One respondent said that a formalised approach '**commits the organisation to supporting their workforce better**', while another remarked it could enable earlier intervention, because anyone considering leaving would '**feel comfortably supported in that decision**'.

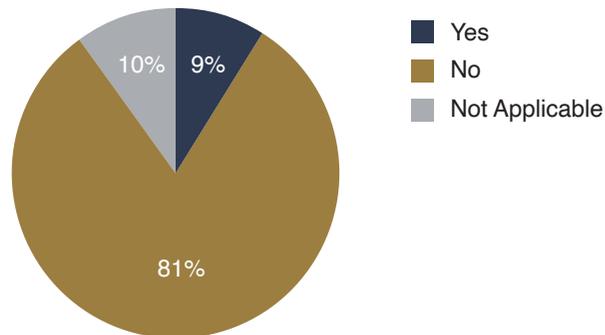
42% gave a less conclusive '**maybe**' but were nevertheless supportive of a formalised approach. They could see the benefits of organisations bringing the discussion to the table more openly but had reservations about a formalised policy. Instead, they favour a more nuanced approach that ensures openness and transparency are effectively embedded within the organisation's culture.

One described a formal policy as potentially '**too rigid to cover all the reasons**' that someone might want to leave, adding that the situation '**warrants a multiple-pronged approach**'. Another said it's too '**sensitive to address through a formal policy**'.

Just **10%** said no to a formalised approach, with the majority citing size as a factor – the smaller the organisation, the less need they felt there was.

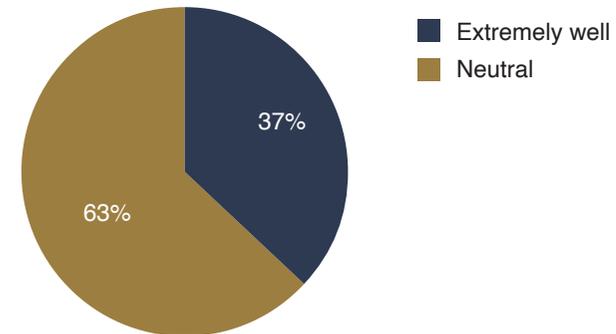


Q: How many organisations have a formal approach to supporting senior leaders in preparing for and planning their exit from the executive suite?



Just **9%** of organisations already have a formal policy to enable senior leaders to leave the executive suite successfully. Of the former, **50%** responded that succession planning was the main driver, while **25%** said it was to support their diversity agenda. For the remaining **25%**, providing support for the individuals involved was the most important. Just one organisation has had a policy in place for more than ten years, while the remainder have had one in place for less than five years.

Q: How well are formal approaches working and is it beneficial to have a formal approach?



37% believe the policy is working extremely well. One respondent remarked that their team **'love it'** and are more excited about their career options in the future, than at any time in their previous corporate roles. Another said their **'retired partners appear to be very satisfied with the plan'** while one commented that the policy gives **'access to the information and tools needed to make key financial decisions'**.

63% remained neutral, commenting that there is **'room for improvement'**, and that the policy needs to **'allow for earlier involvement of the senior leader, to help them to start thinking and planning in advance'**. Another remarked that there's **'more open dialogue, but limited supporting structures with many gaps'**.



The **types of support services** offered range from coaching to mentoring, financial advice and pre-retirement workshops. Just **25%** believe these work '**extremely well**', while **69%** think the support services could be improved with more personalised and consistent approaches that focus on the psychological impact and have specific and measurable outcomes.

What support best enables senior leaders to leave as advocates and ambassadors for the organisation?

A number of respondents said that a senior leader '**moving on and moving well**' is integral to organisational branding and ensuring that people who exit remain advocates of the company. Some also highlighted that it's '**prudent to be supportive as senior leaders may well become clients in the future**'.

A variety of suggestions were given for the best types of support that could be offered – from giving leaders the space and permission to have '**transparent and timely conversations**' to '**demonstrating the individual's value to the organisation**' and tailored packages.

“Many large companies fail to pay enough attention to their leadership pipelines and succession practices.”



Interviews & Desk Research:

Here, we report our findings from the interviews and an initial literature review in regard to succession planning.

It's all about successful leadership transition

The purpose of succession planning is to manage senior leadership transitions successfully. But how important is the successful transition from one senior leader to the next? According to **Keller and Meany(1)***, *'Hardly anything that happens at a company is more important than a high-level transition'*.

Yet, according to Routch and Monahan (3)* *'Up to 46% of transitions are regarded as failures or disappointments'*. And failures are costly. **Feigen and Williams (4)*** report, *'Many large companies fail to pay enough attention to their leadership pipelines and succession practices. That leads to excessive turnover at the top and destroys a significant amount of value – close to \$1 trillion a year among the SNP 1500 alone'*.

*See Appendix 1



Succession planning – what’s missing?

‘Even in the most well-oiled CEO succession processes, one piece is almost always missing: preparing the current CEO for the next phase in his or her career.’ (3) – and this probably holds true for all senior leadership positions.*

To investigate further we undertook a Google search of 20 definitions of succession planning. The **‘one missing piece’** is borne out (see appendix 2). Every definition we looked at focussed solely on identifying and preparing top talent to succeed. Not one of the definitions addressed the other side of the equation – supporting the in-situ leaders to leave successfully and at the right time.

Logic suggests that a new definition is required – one that considers both sides of the equation.

‘Succession Planning is about managing transitions effectively – by helping senior leaders to step out successfully at the right time and having the best talent ready and prepared to step in.’

Without such a definition succession planning processes cannot be fully effective.

One interviewee, a CPO, put it this way, *‘I think this is a key blind spot when we look at succession planning and talent development. We simply don’t think of the in-situ leader’s departure as an integral part of succession planning. Having a grown-up conversation would help us to plan better and help have a smoother transition. There’s an opening here that we haven’t got to grips with yet’.*

Another interviewee put it this way, *‘It’s akin to an athletics relay where all the attention and support is focussed on the athlete preparing to receive the baton while the person handing on the baton is largely ignored. It makes no sense’.*

“We simply don’t think of the in-situ leader’s departure as an integral part of succession planning. Having a grown-up conversation would help us to plan better and help have a smoother transition.”

*See Appendix 1



Conclusions and Recommendations:

Conclusion 1 – There is a strong business case for providing support to exiting senior leaders as part of senior leader transitions

Top teams need movement. It's healthy. Without movement they stagnate. New faces bring fresh perspectives, fresh ideas, and fresh energy. But in-situ leaders provide critical experience and knowhow, and a track record of success. Therefore, managing senior leader exits requires sensitivity and deft handling – especially if those leaving are to become ambassadors and advocates for the organisation in the future.

There is a strong business case for providing support to exiting leaders as an integral part of the process of senior leader transitions. Transitions involve one person stepping out and another stepping in. Managing the process effectively needs the organisation to take account of both parties. Otherwise, many senior level transitions prove not to be as successful as expected, with resulting high financial costs, as well as costs to company reputation, staff and stakeholder confidence, and share value.

Conclusion 2 – Many senior leaders are not well-equipped to step out successfully

The survey shows that many exiting senior leaders are poorly equipped for life beyond the organisation. Put simply, this is because they haven't done the necessary thinking, planning and preparation for life after the top team. Why is this important?

Without confidence in what's next, it's easy for individuals to get stuck in their role. They can delay their departure and outstay their usefulness beyond a point that is appropriate for themselves and the organisation.

It's also evident from the survey results that many organisations don't know whether their exiting senior leaders are well equipped for life beyond their career in the top team—simply because conversations between senior leaders and their organisation aren't happening. Stepping out from the top team remains, on the whole, an undiscussed topic in many organisations. This needs addressing because:

- Without ongoing conversations, the organisation does not have clear and early sight of senior leaders' intentions and departure dates. Therefore, the organisation is unable to plan effectively for succession.
- Without ongoing conversations, the organisation is not aware of the help and support individual senior leaders need, to make the next crucial steps.



Conclusion 3 – Many organisations are not supportive enough of departing senior leaders

The vast majority of senior HRBPs surveyed are in favour of offering support. However, few organisations are providing the high-quality support necessary to help senior leaders think and plan for their departure and their life beyond. This is important because senior leaders can feel unsupported and uncared for by the organisation they have served, often for many years. This means they're likely to leave the organisation feeling let down and dissatisfied. Conversely, senior leaders who feel well supported are more likely to go on to be advocates and ambassadors for the organisation.

Conclusion 4 – Few organisations have a formal approach to help senior leaders exit the organisation successfully

The great majority of organisations have not given due consideration to the policies, processes, and practices they need to introduce to ensure safe passage for their departing senior leaders. This is important because taking the time to plan can help to ensure:

- An equitable process for all departing senior leaders, which enables a more individualised approach.
- Transparency, safety, clarity, and consistency, for all parties involved.
- Good governance of the process and practices, which protects the organisation and the individual and holds them both accountable.

“Even in the most well-oiled CEO succession processes, one piece is almost always missing: preparing the current CEO for the next phase in his or her career.”



Conclusion 5 – Current support services are inadequate

More than two thirds of the HRBPs surveyed believe that the support services on offer to departing senior leaders need improvement. They believe that the services provided need to be more imaginative, personalised, and comprehensive – especially when taking the psychological impact of the transition into consideration. This is important because:

- Without high quality support, many senior leaders will continue to be ill-equipped to make a successful and well-timed transition.
- Senior leaders are unlikely to ask for support if they believe the services on offer won't meet their needs.

“Life beyond the organisation could be discussed more openly in order to remove the anxiety and stigma around it.”

Conclusion 6 – Succession planning needs fixing

Most senior succession planning places the emphasis on identifying and developing the best talent to step into senior roles. While this is important, it is only half the story. Before someone can step in, someone needs to step out. Therefore, a new definition is required - ***‘Succession Planning is about managing transitions effectively – by helping senior leaders to step out successfully at the right time and having the best talent ready and prepared to step in’.***

After all, you don't want good senior leaders to leave **too early** – this can interrupt strategic momentum and negatively impact customer and team confidence.

And you don't want them to leave **too late** – this can also cause frustration and lack of confidence in company leadership.

You want them to leave when the time is **just right** – when they've completed their job well and ensured their part of the business is in good shape for the future.

A positive outcome – for both the individual and business – becomes far more possible when senior leaders are given the support they need to create an exciting plan for their personal future.

Without adopting a new definition, succession planning processes are likely to remain suboptimal.



About Stepping Out from the Top Team:

Who we are and what we do

Why?

Organisations need to make sure they have the right guidelines, policies and support practises in place so that senior leader transitions are effective for the organisation and a safe, fair and liberating experience for the individual.

How?

We help organisations by:

- Providing Stepping Out coaching – we support senior executives as they think, plan and execute their journey from the executive suite, to the exit door and onto new adventures.
- Assisting organisations to create, introduce and embed a formal approach to stepping out. Our advisors support CHROs and their key stakeholders by sharing best practice and providing practical support and expert assistance.
- Campaigning for change – we challenge the old and outdated 3-stage career model, 'education-career-retirement'. We are part of a growing campaign to recognise multi-stage careers that better fit an emerging world where life expectancy is fast moving to 90 years and beyond.

Who?

Stepping Out from the Top Team is a specialist coaching/consultancy practice that helps senior leaders step out from the executive suite successfully. Our collegiate is made-up of highly experienced, accredited, executive coaches.

“Succession Planning is about managing transitions effectively – by helping senior leaders to step out successfully at the right time and having the best talent ready and prepared to step in.”



Acknowledgements:

I would like to thank you, each and every one of the senior HRBPs who took the time to complete the survey and share their expertise so generously. I appreciate it very much.

All of us at Stepping Out from the Top Team hope you find this report insightful and practically useful.

The study and report would not have been possible without the expert help and guidance of Dr Eversley Felix, who designed the survey, crunched the numbers, and made sense of the findings. I am also indebted to Denise McGann and Kevin Light for their wise counsel and hands on assistance in designing, writing, and editing the report.

Thank you to Charlotte Browne for her assistance in writing up the findings of the survey, and to Karen Robson for designing the report.

Yours sincerely,

Oliver Johnston
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Stepping Out from the Top Team is a consultancy that helps senior leaders step out from the executive suite successfully.



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Appendices:

Appendix 1: Research Publications:

- (1) McKinsey & Company – Successful transitioning to new leadership roles - Scott Keller and Mary Meaney May 18.
- (2) Forbes – The \$112 Billion CEO Succession Problem – Ken Favaro, Per-Ola Karlsson, Gary L Neilson May 15.
- (3) Deloitte – The holy grail of effective leadership succession planning – Kris Rouch, Kelly Monahan, Megan Doherty – 2021.
- (4) Harvard Business Review – The COEs Guide to Retirement – Marc A Feigen, Ron Williams – Sept 2018.
- (5) ENGAGE, Leading the War for Talent, 06.2019.
- (6) Average C-Suite Tenure and Other Important Executive Facts - M&A Executive Search – Nov 2020.
- (7) Why is it still considered OK to be ageist? – Lucy Kellaway – Financial Times – December 2021.
- (8) The 100-Year Life: Living and Working in an Age of Longevity - Lynda Gratton and Andrew Scott May 2017.
- (9) Breaking the Age Code - Dr Becca Levy 2022.
- (10) Age Proof: The New Science of Living a Longer and Healthier Life - Professor Rose A Kenny 2022.



Appendices:

Appendix 2: Succession Planning Definitions – What is succession planning?

A web search for 20 definitions of succession planning revealed that all the definitions focussed only on identifying and developing talent to fill future leadership vacancies. None of the definitions included the need to manage the exit of in situ leaders.

CIPD

Succession planning is the process of identifying and developing potential future leaders and senior managers, as well as individuals, to fill business-critical roles. The aim is to be able to fill key roles effectively if a current post holder leaves the organisation. Succession planning programmes typically include practical, tailored work experience relevant for future roles.

Investopedia

The term succession planning refers to a business strategy companies use to pass leadership roles down to another employee or group of employees.

University of Washington Human Resources Home

Succession planning is the process of identifying the critical positions within your organisation and developing action plans for individuals to assume those positions.

Personio.com

Succession planning is the process of replacing your organisation's leaders and managers with high-potential, internal (sometimes external) replacements.

Wikipedia

Succession planning is a process and strategy for replacement planning or passing on leadership roles.

National Institutes of Health

Succession planning is the process of identifying very important positions in the organisation and creating a talent pipeline, by preparing employees to fill vacancies in their organisation as others retire or move on.

NHS Leadership Academy

Succession planning is the process of identifying and developing potential future leaders or senior managers, as well as individuals who could fill other business-critical positions, either in the short or the long term.

FSB

Business succession planning is the process of deciding who will take over your business in the future when you retire or the unexpected happens.



Thomas

Finding your potential future leaders and managers can be tough. Nurturing your in-house talent can be more efficient and cost-effective than looking outside the business. It makes the selected employees feel engaged and valued, while helping to retain valuable knowledge and skills.

BambooHR

Succession planning is a plan that focuses on identifying potential leaders and high performers, helping them develop so they can advance within their organisation.

The Economic Times

Succession planning is a process by which individuals are scanned to pass on the leadership role within a company. The process ensures that business continues to operate efficiently without the presence of people who were holding key positions as they must have retired, resigned, etc.

Qualtrics

Succession planning is about identifying and developing talent so when the appropriate time comes, you'll have the right people to fill key leadership positions.

HubSpot

Succession planning is a strategic process for identifying high-potential employees and taking steps to prepare them for future leadership positions.

Indeed

Succession planning helps businesses prepare for situations where an employee may leave the company for any reason, such as retirement. By developing a plan for future leadership at the company, businesses can identify and train employees to become successors ahead of time, which aids in a smooth transition of leadership.

The Institute of Employment Studies

Here we define succession planning to be a process by which one or more successors are identified for key posts (or groups of similar key posts), and career moves and/or development activities are planned for these successors.

SIGMA Systems

Broadly, succession planning can be defined as “a process for identifying and developing new leaders who can replace old leaders when they leave”. When done successfully, succession planning helps to identify those employees who are capable of assuming leadership roles and developing them so they're ready to move into these positions when they become available.

HRForecast

Succession planning means an organization is prepared to replace key employees who leave their positions, suddenly or otherwise. Each step in this process is critically important to ensure that your successors will add to the company's future success.



CIO - Chief Information Officer magazine - IDG Communications, Inc.

Succession planning helps businesses cultivate a pool of talented workers who are poised to take over leadership roles as the business grows, changes and develops.

9P - Nine Principles

Succession planning is a deliberate process of identifying and developing potential candidates to fill key organisational positions when vacancies occur.

CFI - Corporate Financial Institute

Succession planning refers to the process in which employees are recruited and developed with the aim of filling a key role within an organisation. It increases the availability of experienced and competent employees who are prepared to replace old leaders as they leave, retire, or die.