

# More than half of European firms do not have a succession plan in place for leaders

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New report explores the implications on business continuity and the skills needed for future executive leadership.

The majority (51%) of businesses across Europe do not have a succession plan in place for leadership teams, according to a new report from specialist recruitment firm, Robert Half.

The firm's Boardroom Navigator 2023 also reveals that a staggering 80% of businesses that admit they do not have this strategy in place recognise they need one. With the data also revealing that almost two thirds (64%) of private equity investors are considering to make leadership changes in their portfolio businesses to navigate the current economic climate, strategic succession planning is vital in securing C-suite leaders that can steer the business through challenging times and beyond. Failure to develop a fit-for-purpose succession plan could have devastating consequences for business continuity.

The Robert Half report makes clear what distinguishes a future leader: key soft skills such as storytelling are non-negotiable alongside understanding ESG regulatory demands and translating DEI into meaningful change. New leaders have a unique opportunity in the first six to twelve months to have a voice outside the boardroom and drive through business transformations that tackle multiple crises facing today's businesses, from pandemic-driven supply chain disruption to geopolitical tensions and inflation.

Philip Hendrickx, Managing Director at Robert Half's Executive Search Practice, explained:

"When businesses replace executive leaders, the implementation of well thought-through recruitment and handover processes is paramount. While a large proportion acknowledge the importance of succession planning, many organisations are yet to put a plan in place. Such insight suggests that although considered a sensitive - even a taboo - issue, succession continues to be neglected.

"Discovering strategic-fit top talent is key, with the boards typically having two choices to make: appoint someone from within the business or look for a C-suite leader with proven experience externally. With most private equity firms investing in non-listed, and in many cases family-owned, SMEs, one can argue the skills of the well-versed leaders PE investors are looking for would be more readily available

from outside the organisation. External leaders come with a raft of new ideas, immediate experience of the market, and time spent navigating the challenging macroeconomic conditions elsewhere, giving them the confidence to make bold and business-critical decisions fast.

“When the succession plan favours the appointment of internal candidates, such leaders have the competitive edge in already understanding how the business operates, having experience at a senior level and knowing the individual stepping down. Previous hierarchical relationships might cause challenges, but if the new leader has been developed to take on the role, they will have the advantage of building trust beforehand.

“In both cases, boards will have to identify the most strategic factors leading to the appointment of leaders equipped with the necessary skills to steer their business in the face of economic and social headwinds. In times of prolonged supply chain disruptions, inflationary pressures and the ever-evolving regulatory environment, the C-suite needs top talent to navigate such challenges. And with more businesses having to report on environmentally sustainable practices under the extending criteria of the EU Taxonomy Regulation, the increased focus on balancing people, planet and profit inevitably puts the spotlight on leaders with holistic ESG skills.

“Ultimately, succession planning and leadership development will help pay long-term dividends: everyone, including employees, investors, and even customers, will know the company is in safe hands. If the succession plan is not fit-for-purpose, a business can be plunged into times of uncertainty, with Bob Iger’s return as a CEO of Disney showing just how important getting this right in the first place is. Yet, not every firm will be in a position to bring back a former leader when things get tough under new leadership. This makes it imperative that firms dedicate resources to really plan and ensure they aren’t caught out when a leader leaves, unexpectedly or not.”

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#### About Robert Half

Founded in 1948, Robert Half is the world's first and largest specialised talent solutions consultancy, working to fill professional services roles at all levels within the finance and accounting, banking, technology, HR, marketing and legal sectors. The company has more than 300 staffing locations worldwide and offers hiring and job search services at [www.roberthalf.co.uk](http://www.roberthalf.co.uk)

Robert Half understands that it takes time and effort to evaluate the best talent strategy for different businesses. For further independent advice to assist with your recruitment and workforce planning efforts, visit [www.roberthalf.co.uk/advice](http://www.roberthalf.co.uk/advice).