

Global Leadership Succession Readiness:

2025 Analysis of Organizational Preparedness, Trends, and Challenges

Executive Summary

Leadership succession readiness has become a defining concern for organizations worldwide in 2025. Amidst rapid technological change, economic volatility, and shifting workforce expectations, the ability to ensure smooth leadership transitions is now recognized as a critical driver of organizational resilience and long-term success. This report synthesizes the most recent and comprehensive research—including the DDI Global Leadership Forecast 2025, Heidrick & Struggles' Route to the Top 2025, Harvard Business Impact's Global Leadership Development Study, and sector-specific surveys—to provide a detailed, data-driven analysis of succession readiness across regions, industries, and organization sizes. It further explores the trends, challenges, and best practices shaping the future of leadership transitions, offering actionable recommendations for boards, HR leaders, and executives.

1. Global Succession Readiness: Headline Statistics and Trends

1.1. The Global Readiness Picture

Despite widespread acknowledgment of its strategic importance, **only about 20% of organizations worldwide report high confidence in their leadership succession pipelines**. This figure, while a modest improvement from the pandemic-era low of 11% in 2020, underscores a persistent vulnerability: **80% of organizations remain unprepared for seamless leadership transitions**.

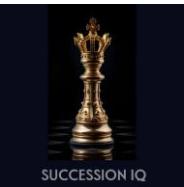
Supporting data from multiple 2024–2025 studies include:

- **35% of companies have formal succession plans** (Deloitte, iMocha, AIHR).
- **28% of CEO successions are planned**; the rest are reactive or unplanned (Heidrick & Struggles, Sci-Tech Today).
- **Only 20% of HR professionals express confidence in their bench strength** (DDI GLF 2025).
- **77% of organizations report insufficient leadership depth** (Sci-Tech Today).

These statistics reveal a global landscape where **succession planning is often deprioritized, under-resourced, or limited in scope**, leaving organizations exposed to disruption, talent loss, and strategic drift during leadership transitions.

1.2. Trends Over Time

The last decade has seen a **decline in succession readiness**, exacerbated by the pandemic, economic shocks, and the accelerating pace of technological change. However, the modest rebound in 2024–2025 suggests growing awareness and incremental improvements, particularly among larger organizations and in certain regions.



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Key trends include:

- **Rising CEO and executive turnover:** Projected CEO turnover in S&P 500 firms is at a record 14.8% for 2025, with 44% of new CEOs in 2024 hired externally—reflecting insufficient internal pipelines.
- **Increased investment in succession planning:** 52% of CEOs and directors report increased investment in CEO and board succession planning in 2025, though overall confidence remains low.
- **Persistent lack of confidence:** 57% of CEOs and board members express little confidence that their succession planning positions the organization well for the future.

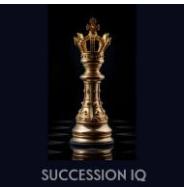
2. Regional Breakdown: Succession Readiness Across the Globe

2.1. Comparative Table: Succession Readiness by Region

Region	% Organizations with High Succession Readiness	% with Formal Succession Plans	CEO/Board Confidence in Pipeline	Notable Trends/Challenges
North America (US/Canada)	24%	38%	50% (split)	Higher investment, but confidence still split; more proactive in large public firms
Europe	18%	32%	41%	Lower confidence, slow improvement, regulatory pressure rising
Asia-Pacific (APAC)	22%	30%	45%	Highest share of “continuous succession strategists”; rapid AI adoption, but skills gaps persist
Latin America	12%	22%	35%	Most succession planning is “as-needed” or reactive; cultural and governance barriers
Middle East & Africa (family firms)	10–18%	18% (Gulf family businesses)	45%	Family businesses lag in formal planning; optimism high, but structures lacking

Sources: DDI GLF 2025, Heidrick & Struggles Route to the Top 2025, Lombard Odier Middle East Survey, Sci-Tech Today, Harvard Business Impact, iMocha, AIHR.

Research Methodology, Choice of Content & Measurements, Design and Presentation of the Critique was rendered by Ashutosh Labroo



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Analysis

North America leads in succession readiness, particularly among large public companies, driven by greater regulatory scrutiny and resource availability. However, even here, only about a quarter of organizations report high readiness, and confidence is split between boards and CEOs. **Europe** lags slightly, with slow progress and growing regulatory expectations. **APAC** shows promise, with the highest share of organizations adopting continuous succession strategies, but faces acute skills gaps and uneven readiness across markets. **Latin America** and the **Middle East & Africa** are the least prepared, with most organizations relying on ad hoc or reactive approaches, especially in family-owned enterprises.

2.2. Regional Case Study: Gulf/Middle East Family Businesses

The **2025 Lombard Odier GCC Succession Planning Survey** reveals that **only 18% of Gulf family businesses have a comprehensive succession plan**, despite 96% of senior leaders expressing confidence in the next generation's ability to lead. Barriers include:

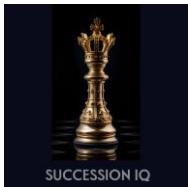
- **Postponement and lack of urgency:** 49% of families without a plan continue to delay the process.
- **Cultural and interpersonal frictions:** Difficulty reaching agreement, limited access to expert guidance, and tensions between traditional and modern leadership approaches.
- **Limited formal governance:** Fewer than one in six family businesses have a formal governance framework.

Despite these challenges, there is optimism and a trend toward establishing family offices and involving women in leadership, signalling gradual progress.

3. Industry-Specific Readiness: Sectoral Comparisons

3.1. Comparative Table: Succession Readiness by Industry

Industry Sector	% with Formal Succession Plans	Succession Readiness/Bench Strength	Notable Trends/Challenges
Financial Services	62% prioritize succession	24% high readiness	Regulatory pressure, strong crisis management, but skills gaps in digital/AI
Technology	55% struggle with succession	20% high readiness	Rapid innovation, talent competition, AI skills gap
Healthcare	88% identify succession as critical	18% high readiness	High turnover, acute skills gap, regulatory complexity



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Industry Sector	% with Formal Succession Plans	Succession Readiness/Bench Strength	Notable Trends/Challenges
Manufacturing	50%+ prioritize efficiency, AI	19% high readiness	Aging workforce, supply chain disruption, AI integration
Energy & Utilities	12% with formal plans	15% high readiness	Aging infrastructure, sustainability focus, slow leadership renewal
Retail	20% improvement in management stability with plans	17% high readiness	High turnover, need for internal promotion, digital transformation
Professional Services	22% with formal plans	18% high readiness	Succession often overlooked, reliance on key individuals

Sources: DDI GLF 2025, West Monroe 2025 Industry Outlooks, Alithya 2025 Trends, Sci-Tech Today, iMocha, AIHR.

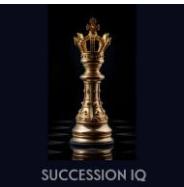
Analysis

Financial services and **healthcare** sectors are the most proactive in prioritizing succession planning, driven by regulatory demands and the critical nature of leadership continuity. However, actual readiness remains modest, with persistent skills gaps—especially in digital and AI capabilities. **Technology** and **manufacturing** sectors face acute succession challenges due to rapid innovation cycles, talent shortages, and the need for new leadership competencies. **Retail** and **professional services** lag in formal planning, often relying on informal or ad hoc approaches, which increases vulnerability during transitions.

4. Organization Size: Readiness by Scale

4.1. Comparative Table: Succession Readiness by Organization Size

Organization Size	% with Formal Succession Plans	Succession Readiness/Bench Strength	Notable Trends/Challenges
Small Enterprises (<500 employees)	15%	10% high readiness	Limited resources, informal planning, high vulnerability
Medium Enterprises (500–5,000)	28%	16% high readiness	Some formalization, but gaps in depth and breadth



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Organization Size	% with Formal Succession Plans	Succession Readiness/Bench Strength	Notable Trends/Challenges
Large Enterprises (>5,000)	46%	28% high readiness	More resources, greater scrutiny, but still only a minority fully prepared

Sources: Heidrick & Struggles Route to the Top 2025, DDI GLF 2025, Sci-Tech Today, iMocha.

Analysis

Large enterprises are more likely to have formal succession plans and higher bench strength, reflecting greater resources, regulatory scrutiny, and stakeholder expectations. However, even among the largest organizations, fewer than a third report high readiness. **Small and medium enterprises** are particularly vulnerable, with most lacking structured plans and relying on key individuals, making them susceptible to disruption during leadership transitions.

5. Survey Sources and Methodologies

5.1. Major Global Studies

- **DDI Global Leadership Forecast 2025:** Surveyed 2,185 HR professionals and 10,796 leaders across 2,014 organizations in 50+ countries and 24 industry sectors. Focuses on leadership pipelines, bench strength, trust, and development gaps.
- **Heidrick & Struggles Route to the Top 2025:** Surveyed 930 CEOs and board members globally, with detailed breakdowns by company size, ownership, market, and sector. Explores succession planning mindsets and board confidence.
- **Harvard Business Impact Global Leadership Development Study 2025:** Surveyed 1,159 L&D/HR professionals and functional leaders across 14 countries, with a focus on leadership development priorities, AI adoption, and effectiveness metrics.
- **Lombard Odier Middle East Succession Planning Survey 2025:** Surveyed 300 high-net-worth individuals in the GCC, focusing on family business succession readiness and governance structures.
- **Sci-Tech Today Leadership Statistics 2025:** Aggregates data from multiple sources (Gallup, SHRM, Deloitte, McKinsey, Harvard) to provide a comprehensive overview of leadership and succession trends.

5.2. Methodological Notes

These studies employ a mix of quantitative surveys, qualitative interviews, and case studies, ensuring robust, multi-dimensional insights. Most surveys are global in scope, with regional and sectoral breakdowns, and include organizations of varying sizes and ownership structures.



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6. Trends Affecting Succession Readiness

6.1. AI Adoption and Digital Transformation

- **AI is now central to leadership development and succession planning:** 55% of organizations prioritize generative AI and machine learning in digital transformation efforts.
- **AI-powered tools improve succession planning efficiency by 35%:** Predictive analytics identify high-potential employees and skill gaps, enhancing pipeline visibility.
- **Skills gap in AI and digital leadership:** 70% of leadership skills required in 2025 are fundamentally different from traditional capabilities, emphasizing AI literacy, agility, and emotional intelligence.
- **Frontline managers are 3x more likely to be concerned about AI's impact than senior leaders,** highlighting a perception and readiness gap.

6.2. Leader Burnout and Talent Retention

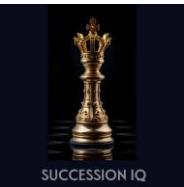
- **71% of leaders report increased stress since stepping into their current role;** 54% are concerned about burnout, and 40% have considered leaving leadership roles to improve wellbeing.
- **High-potential talent is 3.7x more likely to leave if not provided with growth opportunities;** departure intentions among high-potential individual contributors rose from 13% in 2020 to 21% in 2024.
- **80% of CEOs lack confidence in their organization's leadership pipelines,** making talent retention and development a top priority.

6.3. Skills Gaps and Development Shortfalls

- **Future-focused skills are critically underdeveloped:** Only 37% of leaders have received training in setting strategy, and 36% in managing change, despite 64% and 61% identifying these as essential skills.
- **64% of HR leaders don't believe their leadership development programs are effective in preparing leaders for the future.**

6.4. Bench Strength and Internal Promotion Rates

- **Bench strength remains weak:** Only 20% of HR professionals report strong bench strength, though this is up from 11% in 2020.
- **Internal promotion rates are insufficient:** 44% of new CEOs in 2024 were external hires, indicating pipeline gaps.
- **Organizations with strong succession plans see a 30% higher leadership retention rate and 25% reduction in leadership turnover.**



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6.5. Confidence Levels Among CEOs and Boards

- Only 29% of CEOs and board members are very confident that their CEO succession strategy positions the organization well for the future; just 11% are entirely confident in their executive attraction, development, and retention strategy.
- Confidence is higher in organizations with continuous, proactive succession strategies, which also report better financial performance.

6.6. Family Businesses and Wealth Transfer

- Fewer than 1 in 5 family businesses in the Gulf have a comprehensive succession plan; most rely on informal arrangements, increasing risk as wealth transfers accelerate.
- Intergenerational frictions, lack of urgency, and limited governance structures are key barriers.

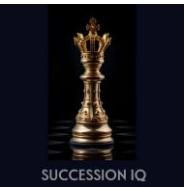
7. Challenges in Preparing for Leadership Transitions

7.1. Common Pitfalls and Barriers

- Reactive rather than proactive planning:** Many organizations only address succession when a transition is imminent, leading to rushed and suboptimal outcomes.
- Narrow focus on executive roles:** Succession planning often excludes critical non-executive positions, weakening overall organizational resilience.
- One-size-fits-all competency frameworks:** Failing to tailor criteria to specific roles and future needs limits the effectiveness of successor identification.
- Lack of transparency and communication:** Keeping succession plans secret erodes trust and morale, while unclear processes breed disengagement.
- Bias and lack of diversity:** Unconscious bias in successor selection limits pipeline diversity and organizational strength.
- Failure to update plans regularly:** Static plans quickly become obsolete in dynamic environments.
- Insufficient integration with talent development:** Treating succession as an isolated HR process, rather than linking it to ongoing development, reduces impact.

7.2. Bench Strength and Internal Mobility

- Weak bench strength:** Most organizations lack a robust pool of ready-now successors, increasing reliance on external hires and raising transition risks.
- Reluctance to promote high performers internally:** Fear of productivity loss in current roles can hinder internal mobility, weakening the pipeline.



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7.3. Organizational Culture and Leadership Buy-In

- **Limited senior leadership involvement:** Succession planning is most effective when actively championed by senior leaders and integrated into business strategy.
- **Siloed processes and lack of integration:** Fragmented approaches prevent organizations from building a cohesive, future-ready pipeline.

8. Best Practices and Interventions for Improving Succession Readiness

8.1. Strategic and Inclusive Succession Planning

- **Align succession planning with business strategy:** Ensure plans reflect long-term goals, anticipated skill needs, and organizational values.
- **Expand scope beyond the C-suite:** Identify successors for all critical roles, not just top executives, to build deeper bench strength.
- **Integrate succession planning into everyday talent management:** Embed it in performance reviews, promotion pathways, and leadership development programs.

8.2. Data-Driven and Technology-Enabled Approaches

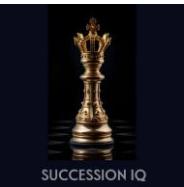
- **Leverage AI and analytics:** Use predictive tools to identify high-potential talent, map skill gaps, and monitor pipeline health in real time.
- **Track key succession metrics:** Monitor bench strength, internal promotion rates, time-to-fill, diversity in pipelines, and readiness levels to inform decision-making.

8.3. Development-Focused Interventions

- **Personalized development plans:** Tailor growth opportunities to individual needs, using stretch assignments, job rotations, and targeted training.
- **Mentoring and coaching:** Provide access to senior mentors and external coaches to accelerate readiness and engagement.
- **Diversity and inclusion:** Actively seek diverse candidates for development and succession, and monitor progress against DEI goals.

8.4. Continuous Review and Adaptation

- **Regularly update succession plans:** Review at least twice a year to reflect changing business needs, market shifts, and employee development progress.
- **Transparent communication:** Clearly communicate the process, criteria, and opportunities to all stakeholders to build trust and engagement.



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8.5. Case Studies of Successful Succession Planning

- **Apple Inc.:** The transition from Steve Jobs to Tim Cook was meticulously planned, with Cook groomed through key operational roles and Apple University embedding leadership values. The result was sustained innovation and market leadership.
- **Microsoft:** Satya Nadella's promotion to CEO followed years of internal development and exposure to strategic business units, enabling a seamless transformation toward cloud computing.
- **General Electric (GE):** Jack Welch's tenure established a robust leadership pipeline through comprehensive talent identification, development, and rotation, ensuring continuity and adaptability.
- **Family Businesses (GCC):** While most lack formal plans, those that establish family offices and governance frameworks are better positioned for smooth transitions and long-term wealth preservation.

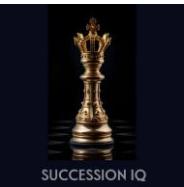
9. Implications and Recommendations for Boards and HR Leaders

9.1. For Boards

- **Treat succession planning as a continuous, enterprise-wide priority**, not a one-off project.
- **Demand regular, data-driven updates on pipeline health, bench strength, and readiness metrics**.
- **Champion diversity and inclusion in succession pipelines**, ensuring a broad pool of future leaders.
- **Integrate succession planning with risk management and strategic planning processes**.

9.2. For HR Leaders

- **Leverage AI and analytics to identify, develop, and monitor high-potential talent**.
- **Embed succession planning into all aspects of talent management**, from recruitment to development and performance management.
- **Invest in personalized, scalable development experiences** that address future-focused skills and leadership capacities.
- **Foster a culture of transparency, continuous learning, and internal mobility** to retain and engage top talent.



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9.3. For CEOs and Executives

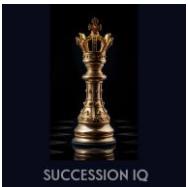
- **Model commitment to succession planning by actively participating in talent reviews and mentoring.**
- **Prioritize leadership development as a strategic imperative, not just an HR function.**
- **Address burnout and wellbeing proactively, recognizing their impact on retention and pipeline strength.**
- **Champion the adoption of new technologies and upskilling initiatives to future-proof the organization.**

10. Conclusion: The Path Forward

The global data is unequivocal: **most organizations remain underprepared for leadership succession**, exposing themselves to significant strategic, operational, and financial risks. However, the path to readiness is clear. Organizations that **adopt continuous, inclusive, and data-driven succession strategies—integrated with robust leadership development and supported by technology**—are not only more resilient but also outperform their peers financially and operationally.

As leadership roles become more complex and the pace of change accelerates, **succession planning must evolve from a reactive, executive-focused process to a proactive, enterprise-wide discipline**. Boards, HR leaders, and executives must collaborate to build diverse, future-ready pipelines, leveraging the full spectrum of development tools, analytics, and cultural interventions.

The organizations that succeed in this transformation will be those that view succession not as a risk to be managed, but as a strategic opportunity to shape the future, drive innovation, and sustain competitive advantage in an uncertain world.



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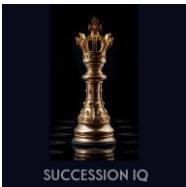
Appendix: Succession Readiness Comparative Tables

Table 1: Succession Readiness by Region

Region	% High Readiness	% Formal Plans	CEO/Board Confidence
North America	24%	38%	50% (split)
Europe	18%	32%	41%
APAC	22%	30%	45%
Latin America	12%	22%	35%
Middle East & Africa	10–18%	18%	45%

Table 2: Succession Readiness by Industry

Industry Sector	% Formal Plans	% High Readiness	Key Challenges
Financial Services	62%	24%	Regulation, digital skills gap
Technology	55%	20%	Talent competition, AI skills
Healthcare	88%	18%	Turnover, regulatory complexity
Manufacturing	50%+	19%	Aging workforce, AI integration
Energy & Utilities	12%	15%	Infrastructure, slow renewal
Retail	20%	17%	Turnover, digital transformation
Professional Services	22%	18%	Key person risk, informality



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Table 3: Succession Readiness by Organization Size

Size	% Formal Plans	% High Readiness	Key Challenges
Small (<500 employees)	15%	10%	Resource constraints, informality
Medium (500–5,000)	28%	16%	Depth, breadth of pipeline
Large (>5,000)	46%	28%	Complexity, still gaps

Note: All data and insights are drawn from the most recent and reputable global surveys and studies, including DDI GLF 2025, Heidrick & Struggles, Harvard Business Impact, Lombard Odier, Sci-Tech Today, iMocha, AIHR, and sector-specific reports. For detailed source attribution, see the in-text citations.