Contemporary Issues in Leadership

Succession is More Than What Happens if You're Hit by the Bus

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Catalyzer, Inc.
www.teamcatalyzer.com

Executive Summary

Jamie Dimon, now CEO of JPMorgan Chase, emphasized that **succession planning is his "most important task,"** underlining the bank's commitment to grooming future leaders.

Despite this, a 2021 survey by the Society for Human Resource Management (SHRM) found that **56% of HR professionals admitted their organizations lacked a succession plan**. Edward Jones disclosed that **16% of business leaders feel unprepared for succession, while nearly two-thirds of family businesses operate without a formal succession strategy**. Shockingly, the National Association of Corporate Directors revealed **that less than 25% of private companies have a structured succession plan in place**.

The discrepancy between the acknowledged importance of succession planning and the lack of implementation raises a critical question: why do so many organizations neglect or only reactively handle this crucial process? The answer may lie in the complexity of executing it effectively.

Every organization has **critical positions, those that, if vacated even for a very short period of time, would substantively impact operations.**

Backfill and succession are different. Backfill addresses continuity of operations in the face of short-term incumbent absences, while succession deals with the long-term.

A comprehensive, risk-based approach enables prioritized, proactive effort around this critical function.

This report presents:

1. **The business challenges presented by a lack of proactive backfill and succession planning**
2. **An approach that captures…**
   - **The critical positions** and incumbent intent (who and when) by department/ function and seniority level
   - Likely **backfill solutions** and training necessary to fill skills gaps
   - Multiple **successor candidates** and the training (time) necessary to prepare each for succession
   - Necessary follow-on work required to move backfill and successor candidates toward the readiness to succeed in critical positions.
3. **A risk-assessment tool** available for you to consider the status of any backfill/succession efforts you may have undertaken.
4. **Evidence of Catalyzer's experience and success** supporting succession planning efforts across diverse organizations/industries.

The Problem and What's At Stake

- **CEO turnover is now the highest it has been in 20 years with the average CEO tenure at less than five years** (Challenger, Gray & Christmas, Inc. and Harvard Law School Forum on Corporate Governance)
- **Only 35% of organizations have a formalized succession planning process for critical roles** (Association for Talent Development)
- **More than 74% of leaders report they are unprepared and lack training for challenges they face in current and future roles** (McKinsey & Company)
- **60% of executives fail within the first 18 months of promotion** (Harvard Business Review)

When we ask almost any business leader about their succession planning, the quick response typically sounds something like "we know what happens if I get run over by a bus." But that's not succession planning.

According to the Society of Human Resource Management (SHRM), succession planning and management is deliberate, proactive development by an organization that prepares individuals for future leadership roles. It is an internal, "grow your own" process.

On the contrary, replacement planning addresses continuity of operations when organizations are faced with unexpected departures or shorter-term absences – the "got run over by a bus scenario."

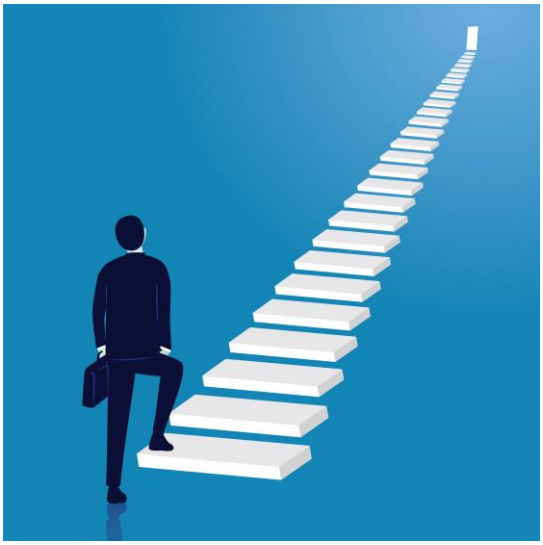
Both are critically necessary, yet most organizations focus on the latter and too narrowly.

What are the organizational impacts?

If we focused solely on Chief Executive Officers (CEO), Harvard Business Review suggest that failure "to pay enough attention to their leadership pipelines and succession practices" results in **excessive executive turnover costing organizations close to $1 trillion annually among the S&P 1500 alone**.

However, HBR almost exclusively focuses on CEO succession. Myopic attention to the executive suite **misses key positions throughout the organizational structure, that if vacated for even a short period of time, grind or halt operations dramatically**. These positions are **"single points of human failure."**

And, as HBR suggests, and McKinsey & Company affirms for across industries and generations, **lack of career planning and development is a substantive retention driver.**



A Holistic, Risk-Based Approach

1. **Begin with your organization chart.**

Before you get started with backfill or succession thinking, review your most recent organizational chart. Where there may be pending structural changes, anticipate those and commit to succession/backfill against the future organization.

2. **Commit to a Comprehensive, Risk-Focused Framework.** Here are some basic tenets…
   - **Build the plan around all critical positions, regardless of seniority.** Critical positions are those that, if vacated even temporarily, substantively impact the organization's ability to do its own business.
   - **Establish a risk assessment scheme.** The U.S. Army talks about risk as the combination of probability and severity. Which critical positions are most likely to have a succession event sooner than later? If that occurs, how serious is that vacancy?

3. **Consider incumbents and their situation.** Individuals occupying your critical positions all have a story. Don't assume.
   - **Engage and find out what theirs is.** Given the sensitive nature of these conversations, they may not reveal circumstances to a supervisor or senior leader in your own organization. Consider a neutral third-party. These conversations typically take 30-45 minutes per individual, and you'll want a tool to capture these data.
   - **Conversation Agenda.**
     - **Incumbent situation (**i.e., engagement with their current role, aspirations for near- and long-term promotion, circumstances that could drive resignation/departure). This should give potential insights to who and when.
     - **Backfill candidates.** These are the individuals they suggest would step in during their own temporary absence. Include their perspective on how much training remains for each backfill candidate.
     - **Succession candidates.** These are the individuals they suggest could succeed them in the critical role. Here again, identify remaining training (in time terms) before they may be ready.

4. **Repeat the conversation with identified backfill and successor candidates and organizational leadership.** Just because their bosses think they may have "the right stuff", doesn't mean those identified want the job or the organization doesn't have other considerations that may disqualify identified backfills or successors.

5. **Assess risk.** Low, medium, high, or extremely high risk assignments are based on your risk assessment scheme.

6. **Prioritize backfill/succession work based on highest risk first.**

7. **Develop backfill and successor candidates.** This is often where these initiatives fall apart. Commit to the follow-through necessary.

Moving Forward

An established **organizational structure** enables **backfill and succession planning**, which further enables **tailored, individual development plans**, against which meaningful, **formal performance feedback** may be conducted. It's a value-chain. Miss any of these steps and the result will be flawed.

Imagine knowing where your organizational risk due to backfill and succession shortfalls may exist. The result enables proactive activity and much smoother human-to-human transition in support of your organization's long-term stability.

Catalyzer has done this work for organizations as large as 1,800 and as small as 26, and that span manufacturing, community banking, law enforcement, and data analytics. Regardless of your industry, if you're employing humans, you're going to experience these type transitions. Think you're ready? Take this succession risk assessment to find out (https://www.surveymonkey.com/r/CatalyzerSuccession).

Sutton Bank

Sutton Bank is a $1.6B community bank with an uncommon products/services offering that includes both core banking and prepaid card services. The bank is headquartered in Attica, Ohio.

In 2021, the bank engaged Catalyzer to expand its thinking beyond backfill considerations to include succession.

Work followed the approach outlined in this document and was ultimately delivered in December 2021. Outside regulatory agencies found the work compelling to exhibiting Sutton's risk mitigation – both for continuity of operations and long-term stability.

In both 2024 and 2025, Sutton again engaged Catalyzer to update the base plan. Follow-through developed was a particular focus in the 2025 effort.

SuttonBank Old-fashioned Innovation

Tindall Corporation

Tindall Corporation is a 62-year-old, Spartanburg, South Carolina-based pre-cast/pre-stressed concrete company.

After several years of under-actioned outcomes, Catalyzer was engaged to build Tindall's backfill/succession framework, and to complete an inaugural effort to identify backfill candidates and successors.

The organization specified 49 critical positions across six production divisions and the corporate headquarters.

Working with Tindall's Human Resources leadership, Catalyzer developed a rules-based approach and risk framework and conducted nearly 75 one-on-one interviews with Tindall employees.

The plan was delivered on time and on budget.

Tindall

Jefferson County (Colorado) Sheriff's Office

In early 2022, the then Sheriff engaged Catalyzer to complete what had been a largely stagnant, four-plus year succession plan for his 850-person Agency.

Aimed at every human in the Sheriff's Office, Catalyzer flipped their usual approach, building a framework around (1) setting expectations and establishing resources, (2) self-identification and development, and (3) "sticky" follow-through by embedding outcomes into Agency policies and tracking systems.

Delivered in October of that year to Agency leadership over a three-day workshop, the plan was delivered on time and on budget.

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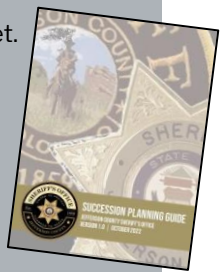

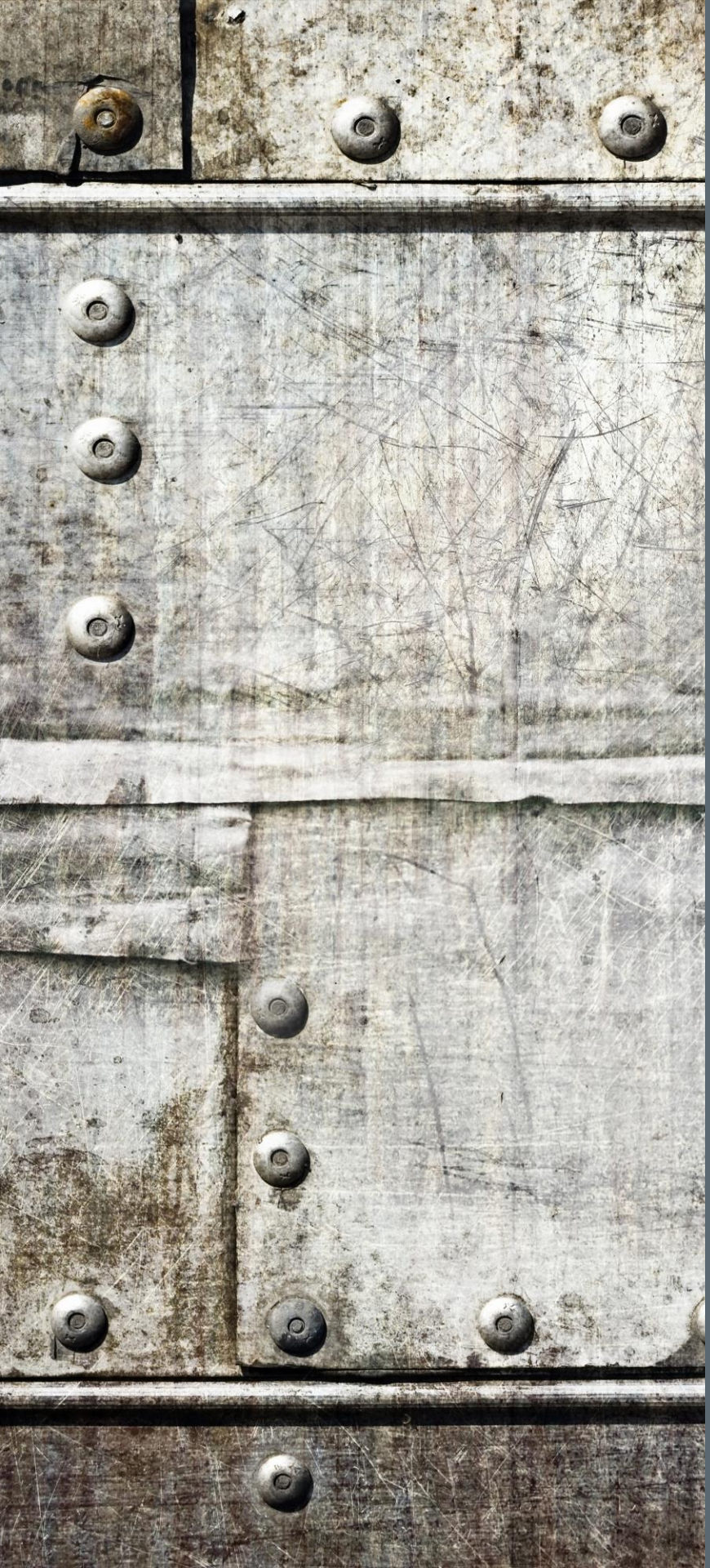

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