
The Conference Board
April 2015

OBJECTIVE:
The survey examines the correlation between CEO succession and company performance. It also examines the qualifications of incoming and retiring CEOs of S&P 500 Companies. The survey was conducted in order to see if retaining a departing CEO on the board wanes in popularity.

CONCLUSION:
Policies that explicitly permit retaining a departing CEO on the board are waning in popularity, as companies become more sensitive to board independence and to the risk of undermining the new leadership. Such policies are adopted by a small minority of firms today, according to survey data featured in CEO Succession Practices: 2015 Edition.

Across industries, a large majority of companies indicated that they do not have a formal policy of this type, with the largest percentage found in nonfinancial services (82.9 percent). In the manufacturing sector, 17.6 percent have a requirement for the departing CEO to also resign from the board, whereas only 4 percent explicitly permit continued board tenure. There is also some correlation between the adoption of such policies and company size when measured in terms of annual revenue. Approximately 21.4 percent of companies with revenue of $20 billion or more formally require the CEO to leave the board as part of his or her succession plan, compared with a mere 3.7 percent of companies with annual revenue of less than $100 million.

Full Report