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The Vanishing Tenure of the Modern CEO

Boards are replacing chief executives faster than at any point in nearly a decade. What that means for how succession should actually be run.

7.1 years

Average global CEO tenure in 2025, down from 8.3 years in 2021

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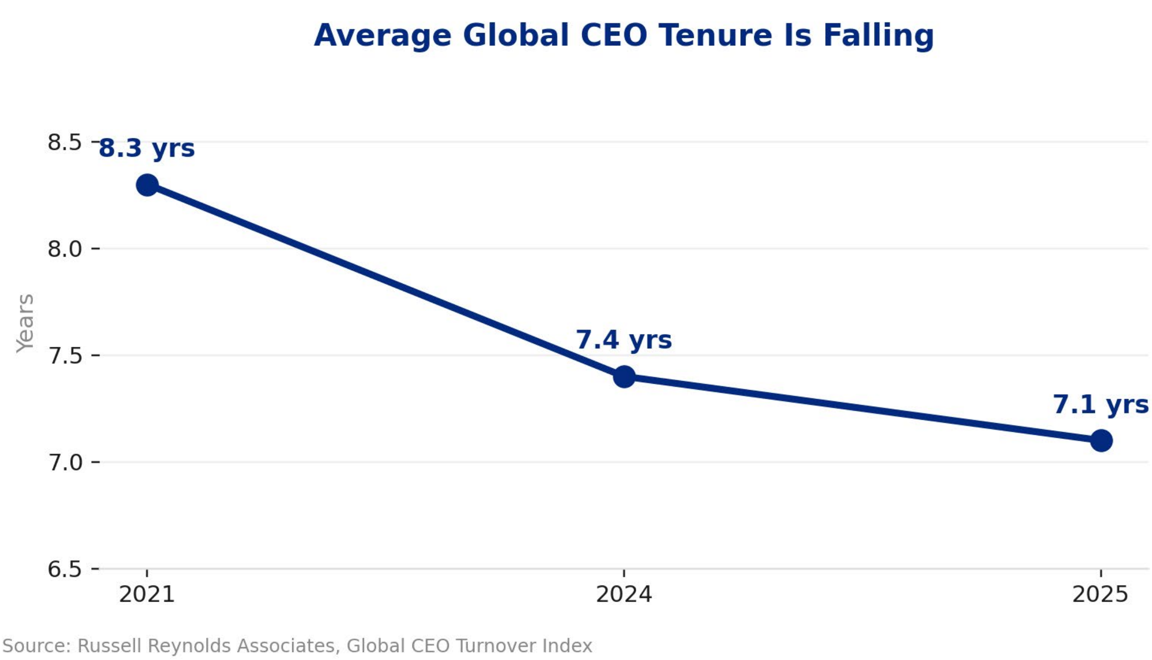
The Shift

Boards are not waiting for underperformance anymore. In 2025, 234 CEOs left their roles globally, a 16 percent increase over the prior year and 21 percent above the eight year average. Average tenure has compressed to 7.1 years, down from 8.3 years just four years ago. The names attached to this shift are not struggling companies. Walmart, Target, and Disney have all announced or accelerated succession timelines in the past year, and Apple's board is reportedly moving up its own.

This is not a story about crisis leadership. Even among top quartile performers by total shareholder return, CEO succession jumped from 7 percent of firms in 2024 to 12 percent in 2025, closing in on the 14 percent rate among bottom quartile companies. Boards are treating succession as a proactive governance lever, not a response to failure.



Average global CEO tenure has fallen every year since 2021.

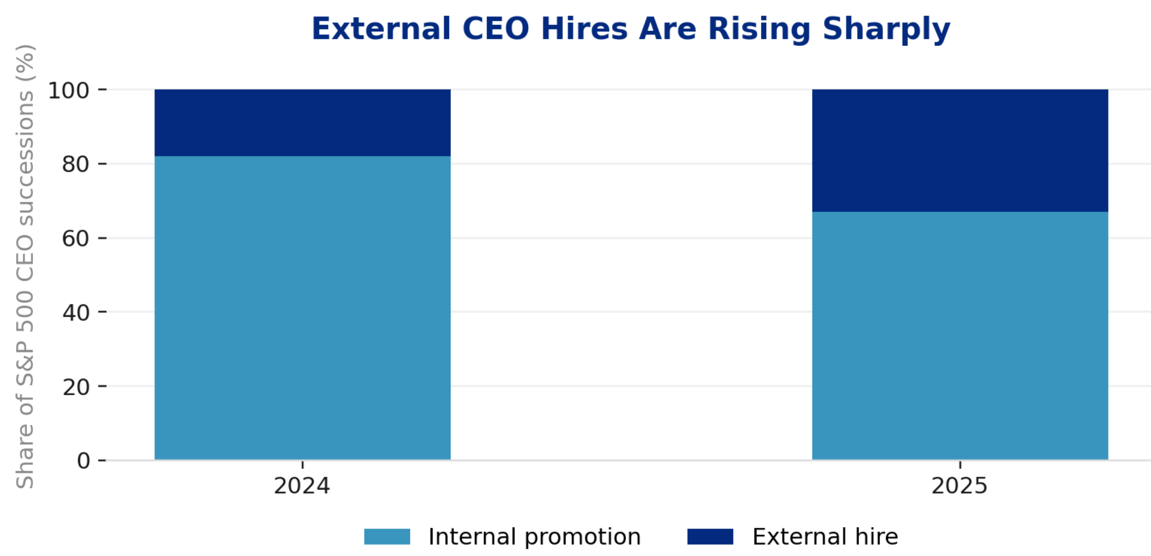
The Numbers at a Glance

Metric	Figure	Source
Global CEO departures, 2025	234, up 16% year over year	Russell Reynolds Associates
Average global CEO tenure, 2025	7.1 years, down from 8.3 in 2021	Russell Reynolds Associates
Incoming CEOs with prior CEO experience	26% globally, 41% in the S&P 500	Russell Reynolds Associates, Q1 2026
S&P 500 external CEO appointments	33% in 2025, up from 18% in 2024	The Conference Board
Annual market value lost to poor transitions	Nearly $1 trillion across the S&P 1500	Harvard Business Review

What the Board Is Actually Doing Differently

Two changes stand out. First, boards are hiring more experienced operators. Globally, 26 percent of incoming CEOs in Q1 2026 had prior experience running a public company, up from 8 percent just two years earlier. In the S&P 500, that figure reached 41 percent, the highest level in nine years of tracking. Boards want leaders who can perform on day one, not leaders who need eighteen months to find their footing.

Second, and more consequential, internal pipelines are thinning. External CEO appointments in the S&P 500 jumped from 18 percent in 2024 to 33 percent in 2025, pushing internal promotions below 70 percent for the first time in eight years. That is not a preference shift. It is a signal that internal bench strength has not kept pace with the speed at which boards now need to act.



Source: The Conference Board / S&P 500 CEO Succession data

Internal promotion has dropped below 70 percent of S&P 500 CEO successions for the first time in eight years.

The Cost of Getting This Wrong

Poorly managed CEO and C-suite transitions wipe out close to a trillion dollars in market value annually across the S&P 1500. Researchers estimate that stronger succession practices could lift large cap valuations by 20 to 25 percent. Sixty one percent of CEOs and directors already expect succession planning to carry more weight in valuation five years from now than it does today. The organizations still treating succession as a binder that gets updated once a year are carrying real financial risk, whether or not it shows up on this quarter's board agenda.

54% vs 20%

Share of organizations reporting top-decile financial performance, with effective leadership development at every level versus none

Two Different Jobs to Do

For the CEO

Your own succession is not a topic to delegate entirely to the board's nominating committee. The CEOs who leave on their own terms are the ones who started naming and developing internal candidates years before an announcement, not months. If you cannot name your two most likely internal successors and what specifically each of them still needs to close the gap, that conversation is overdue, not premature.

For the CHRO

Succession readiness has become a board level credibility issue for the HR function, not an internal talent review exercise. Nearly 79 percent of directors say they already receive succession metrics from management, which means the data you bring to that conversation needs to hold up to the same scrutiny as the financials. Vague readiness ratings will not survive that scrutiny much longer.

Where the Gap Actually Shows Up

In practice, the gap rarely shows up as a total absence of candidates. It shows up as false confidence. A board sees three names on a succession chart and assumes readiness, without anyone having tested those three against the specific demands the business will face in three to five years, not the demands it faced when the chart was last updated. The chart looks complete. It is not the same thing as being ready.

The organizations ahead of this trend treat succession as a live capability, reviewed with the same rigor as the annual operating plan, with named gaps, named owners for closing them, and a timeline that is checked quarterly rather than dusted off once a year before the board meeting.

The Question Worth Asking

Readiness that is assumed rather than measured is the pattern behind almost every rushed, expensive external search. The organizations moving ahead of this trend are not the ones with the thickest succession binder. They are the ones who can name, with confidence, who is ready now, who is eighteen months out, and what specifically stands between the two. If your organization cannot answer that with names attached, the next unplanned departure will answer it for you, on a timeline you did not choose.

References

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