



2010 SURVEY ON CEO SUCCESSION PLANNING

HEIDRICK & STRUGGLES

ROCK
CENTER
FOR
CORPORATE
GOVERNANCE

STANFORD UNIVERSITY

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EXECUTIVE SUMMARY: KEY RESULTS AND RECOMMENDATIONS

CEO Succession Planning Lags Badly

More than half of companies today cannot immediately name a successor to their CEO should the need arise. This survey of 140 CEOs and board directors of North American public and private companies reveals critical lapses in CEO succession planning.

“The lack of succession planning at some of the biggest public companies poses a serious threat to corporate health—especially as companies struggle toward a recovery,” says [Stephen A. Miles](#), Vice Chairman at leadership advisory firm [Heidrick & Struggles](#) and a global expert on succession planning. “Not having a truly operational succession plan can have devastating consequences for companies — from tanking stock prices to serious regulatory and reputational impact.”

Stanford Graduate School of Business [Professor David Larcker](#) adds, “We found that this governance lapse stems primarily from a lack of focus: boards of directors just aren’t spending the time that is required to adequately prepare for a succession scenario.” Professor Larcker is a senior faculty member of the Rock Center for Corporate Governance, a joint initiative of Stanford Law School and the Stanford Graduate School of Business.

The *2010 Survey on CEO Succession Planning*, conducted this spring, surveyed CEOs and directors at large- and mid-cap public companies in the U.S. and Canada, with 10% of respondents also from large private firms. Key findings from the survey include:

- **While 69% of respondents think that a CEO successor needs to be “ready now” to step into the shoes of the departing CEO, only 54% are grooming an executive for this position.** “This statistic, combined with the finding that more than half couldn’t name a new permanent CEO if the current chief became incapacitated tomorrow, is a total disconnect,” says Mr. Miles. “It’s hard to imagine that the CEO would be ‘ready now’ if he or she is not being groomed today.”
- **A full 39% of respondents cited that they have “zero” viable internal candidates.** “This points to a lack of talent management and not paying enough attention to your ‘bench,’” says Mr. Miles.
- **On average, boards spend only 2 hours a year on CEO succession planning.** “The full boards of respondents’ companies meet, on average, five times a year. Succession planning is discussed at only two of these meetings, at one hour apiece,” says Professor Larcker. “The nominating and governance committee — who often take primary responsibility for succession planning — did not fare much better; respondents reported that only four hours of meeting time is typically devoted to this topic each year.”
- **Only 50% have a written document detailing the skills required for the next CEO.** Professor Larcker thinks this seems rather low: “If nothing is written down, how do we know that the board really understands what these skills should be?”
- **Seventy-one percent of internal candidates know they are in the formal talent development pool, but there is regular communication (typically yearly or bi-yearly) for only 50% of these internal candidates.** “There is a large communication gap, which can cause retention issues,” says Mr. Miles. “Executives who don’t know they are even in the running to be CEO might be easily lured elsewhere, where they believe they have room for advancement.”
- **The majority of firms—65%—have not asked internal candidates whether they want the CEO job, or, if offered, whether they would accept.** “Many firms simply assume that their top choices want the job, but that is not always the case,” says Mr. Miles. “More and more, we see executives who don’t want to be in the spotlight as the CEO, given the extreme public scrutiny associated with the position. Making this assumption without checking can cause real problems down the road.”

- **Once viable internal candidates for the CEO job are identified, 60% of firms think that the external search should continue at the same pace.** “This is a big mistake,” Mr. Miles warns. “Companies lose strong candidates when they keep the outside search open too long even though they have perfectly capable internal talent.”
- **While 69% of respondents think they have an extremely strong or very strong understanding of the capabilities of internal candidates, only 21% have extremely or very well established external benchmarks to measure their skills against.** “It is another disconnect between perception and reality,” says Professor Larcker. “How do you know that a candidate is strong unless you compare him or her against the marketplace?”
- **Only 50% of companies provide on-board or transition support for new CEOs.** “This is the most important job at the company,” Professor Larcker observes. “Not having the support in place for on-boarding the executive can put the entire organization on unstable ground.”

With companies still at risk due to their lack of succession planning, Mr. Miles and Professor Larcker offer these top-line suggestions for boards:

1. **Recognize that succession planning as practiced by most companies gives a false sense of security.** “Even though boards have made progress in this area in the post-Sarbanes-Oxley world, most companies’ succession planning still isn’t even close to being good enough. Make sure that the board devotes meaningful time to this exercise, rather than simply checking off the box of a meeting agenda. Boards need to ask themselves: could they really name someone today, or is everyone in the succession plan always 1-3 years out from being viable?”
2. **Focus on making succession plans operational.** “Companies need to move from the ‘names in boxes’ approach that gives them a false sense of security to truly developing ‘viable’ candidates. Plans aren’t worth the paper they’re printed on unless there is a robust inside/outside process that ensures they are both developing and knowledgeable of all candidate pools – internal and external.”
3. **Demand experience from board directors.** “Regulators such as the SEC are recognizing the importance of a rigorous succession process, and firms should seek lead directors and/or nominating and governance committee chairs with sufficient experience in this area to ensure that it is adequately addressed. We are typically better at the things we have practiced before, and this is no place for someone to be ‘practicing’ for the first time.”
4. **Pay attention to your bench.** “Open lines of communication with potential internal candidates minimizes surprises down the road. When it comes time, you don’t want your #1 contender to turn down the job.”
5. **Keep the “runners up” happy.** “We see otherwise terrific executives who may not have been chosen as the CEO’s successor left hanging with no explanation. If you want to retain these executives, tell them why they weren’t chosen at this time and why they are still valuable to the company.”

SURVEY QUESTIONS AND DESCRIPTIVE STATISTICS

Total Number of Survey Respondents = 140

1. What is the name of the company whose succession planning is being evaluated?

Company Type	Number of Companies	%
Non Profit – Independent	3	2%
Private	3	2%
Private Branch	2	1%
Private-Independent	9	6%
Private-Parent	3	2%
Private-Subsidiary	3	2%
Public-Independent	5	4%
Public-Parent	58	42%
Public-Subsidiary	2	1%
Anonymous respondent	52	38%
Total	140	100%

Note: Only company type reported to maintain company privacy; numbers are rounded up to achieve 100%.

Respondent Companies by Industry Type

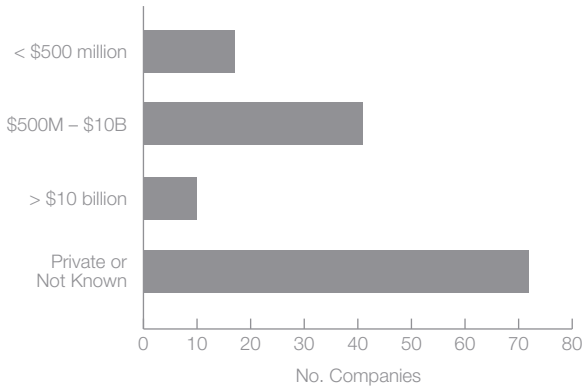
Industry	No. of Companies	Percent of Total
Airlines	1	1%
Asset mgmt/consulting	1	1%
Auto and Truck Manufacturers	1	1%
Biotechnology and Drugs	4	2%
Business Services	9	6%
Chemicals — Plastics and Rubber	1	1%
Chip manufacturing	1	1%
Commercial Banks	3	2%
Communications Equipment	7	5%
Communications-Services	1	1%
Computer Networks	2	1%
Computer Peripherals	1	1%
Construction — Supplies and Fixtures	1	1%
Construction Services	1	1%
Consumer Financial Services	1	1%
Containers and Packaging	1	1%

Respondent Companies by Industry Type (continued)

Industry	No. of Companies	Percent of Total
Distributor-Audio and Video Media	1	1%
Electric Utilities	3	2%
Electronic Instruments and Controls	3	2%
Engineering Consultants	1	1%
Fabricated Plastic and Rubber	2	1%
Food Processing	1	1%
Footwear	1	1%
Gold and Silver	1	1%
Healthcare Facilities	1	1%
Insurance (Accident and Health)	1	1%
Investment Services	1	1%
Life and General Insurance	1	1%
Miscellaneous Capital Goods	3	2%
Miscellaneous Fabricated Products	2	1%
Miscellaneous Financial Services	2	1%
Oil and Gas Operations	2	1%
Oil Well Services and Equipment	2	1%
Real Estate Operations	1	1%
Recreational Activities	2	1%
Recreational Products	1	1%
Restaurants	1	1%
Retail (Apparel)	2	1%
Retail (Department and Discount)	1	1%
Retail (Drugs)	1	1%
Retail (Specialty)	1	1%
Retail (Other)	2	1%
Scientific and Technical Instruments	2	1%
Semiconductors	2	1%
Software and Programming	4	3%
Tires	2	1%
Tobacco	2	1%
Unidentified-anonymous company	52	37%
Total	140	100%

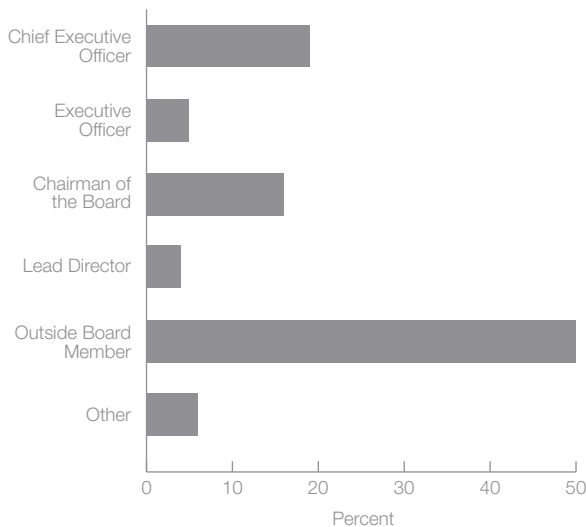
Respondent Companies by Market Valuation

Market Valuation	No. Companies	%
< \$500 million	17	12%
\$500M – \$10B	41	29%
> \$10 billion	10	7%
Private or Not Known	72	52%



2. What is your position in this company? (Please check all that apply.)

Position	%
Chief Executive Officer	19%
Executive Officer	5%
Chairman of the Board	16%
Lead Director	4%
Outside Board Member	50%
Other	6%



3. How many times have you personally gone through CEO Succession? (Please note the number of times you have personally been considered for a CEO position or transitioned out of the CEO position.)

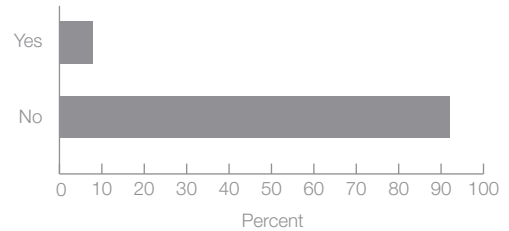
Mean	Median
2.69	1.00

4. How many times were you part of a CEO Succession process? (Please note the number of times you have been involved in the process, but not personally been considered for the CEO position or transitioned out of the CEO position.)

Mean	Median
3.6	2.0

5. Is your company actively conducting a CEO search at this time?

Response	%
Yes	8
No	92



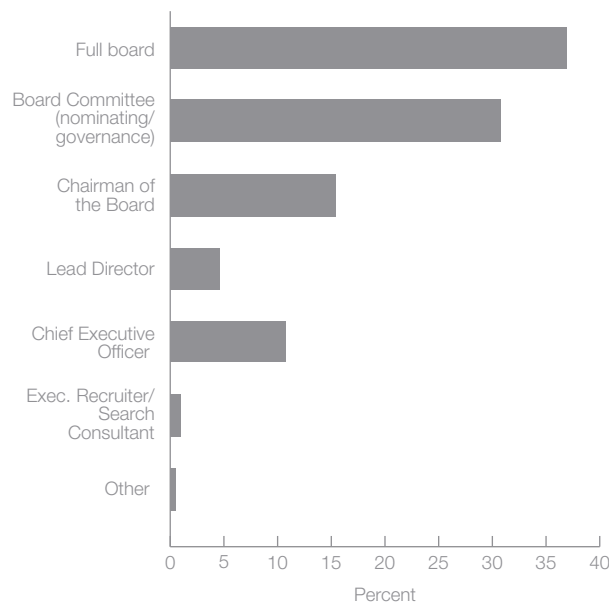
6. Who participates in succession planning?

(Please check all that apply.)

Participant(s)	%	No. of Observations
Full board	29	121
Board committee (nominating/governance)	19	82
Chairman of the Board	14	58
Lead Director	8	34
Chief Executive Officer	17	73
Executive Recruiter / Search Consultant	10	44
Other	3	11
Total observations	100	423

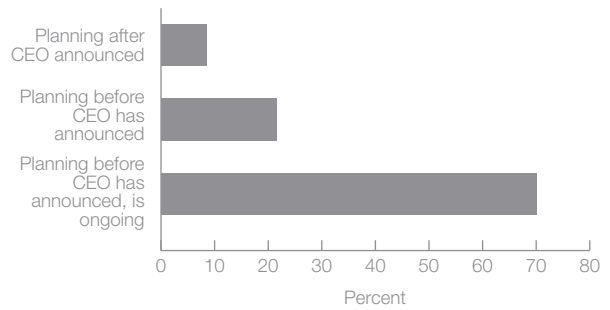
7. Who has primary responsibility for succession planning? (Please check only one. If more than one party is involved, choose the individual/group that is mainly responsible.)

Participant(s)	%
Full board	36.9
Board committee (nominating/governance)	30.8
Chairman of the Board	15.4
Lead Director	4.6
Chief Executive Officer	10.8
Executive Recruiter/Search Consultant	1.0
Other	0.5



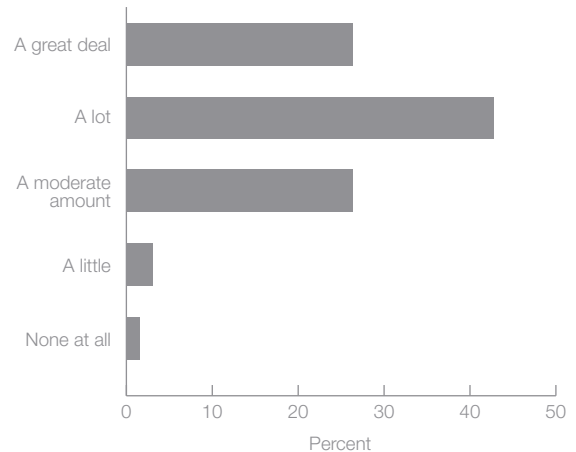
8. When does succession planning take place at your company? (Please check only one.)

Descriptive	%	Cumulative %
Planning is only done after the current CEO has announced s/he is leaving or retiring soon.	8.5	8.5
Planning is done before the current CEO has announced s/he is leaving or retiring soon, but is not an ongoing activity	21.5	30.0
Planning is done before the current CEO has announced s/he is leaving or retiring soon, and is an ongoing activity.	70.0	100.0



9. How much do you believe that a new CEO needs to be “ready now”?

Descriptive	%
A great deal	26.4
A lot	42.6
A moderate amount	26.4
A little	3.1
None at all	1.5



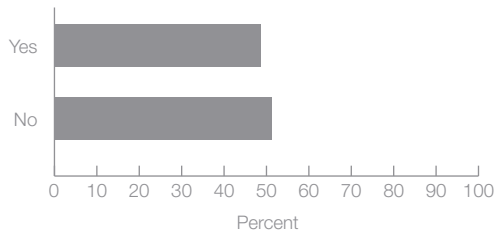
Please briefly describe what you consider to be “ready now”:

Selected responses:

- Already understands the business and can hit the ground running.
- We always have some senior executives we’re developing to be able to move into the CEO, COO and CFO slots. We discuss succession planning each board meeting and use our COO position to get someone ready in case of disaster.
- Optimal candidate from an experience, maturity and skills perspective. Maturity is first. Experience is second. Skills are third. (order of importance).
- A person with a background of COO or CFO.
- Depends entirely on the company and the issues confronting the company. There is no standard answer.
- Capable of successfully addressing leadership, strategy and execution. Ready now also means the potential CEO has approximately 80% of the intangibles necessary to succeed.
- The candidate should be fully prepared to take over as CEO. While the candidate may have some shortcomings in specific areas, there should be senior executives that can back up the new CEO until he/she becomes more knowledgeable in those areas.
- Sufficiently experienced as a member of a corporate leadership team with an understanding of what it takes to run an entire enterprise versus a business or sector.
- Has the requisite competencies and qualifications to lead the company to its vision/mission; in particular driving the strategic initiatives, build and lead the team, represent the company to external stakeholders, etc.
- Has already displayed appropriate leadership qualities, a drive to succeed, has succeeded, and is known by the board as an insider or comes highly recommended from the outside.
- Understands the consulting marketplace and our clients, the enterprise risks of the firm, and the key people in the firm.
- Being ready “a lot” applies if the candidate is internal and means that the internal candidate is ready to step in the case of a surprise resignation or an unexpected incapacitation of the current CEO.
- We are active in our succession plan, but our CEO is well thought of, properly entrenched in the company and young enough to be there several years.
- Our big concern is the “hit by a bus” issue and to a lesser extent the CEO being recruited away from the company.
- Ready now — step into the shoes of a CEO with the ability to work effectively with all constituencies — board, investors, customers, employees, staff, significant vendors, etc. Must have a majority of these capabilities to assume the role.
- Having enough knowledge of the issues facing the company, and the other relevant factors (company history, competition, in-place personnel, etc.), to make appropriate decisions from day one without undue time for study and consultation.
- The executive should have several years of successful operating experience as a senior leader at the President and/or COO level with broad responsibilities over multiple corporate functions. The executive should have substantial exposure to board functions.
- Able to lead and address all the major opportunities/challenges facing the company in the next 12-18 months. Step in and be respected by the majority of the senior management team.
- Can get his/her business card reprinted with the word CEO on it and could step into the job with virtually no “spin-up” time required.
- Has exhibited a high (>90%) of the task-relevant experience that the Board considers necessary to do the job.
- Track record managing a similar organization in terms of size and industry segment. Solid experience with The Street and/or Private owners. A successful record in terms of results achieved for shareholders.
- A “ready now” successor has been thoroughly vetted and indicates no gaps in potential, skill and experience as required to effectively lead the company.
- Full understanding of the Company’s strengths and weaknesses and of the Company’s primary markets. Leadership style well-defined.
- Proven judgment, integrity and knowledge of the business factors. A team builder and exceptional interpersonal skills. Sensitivity to what type of organization will work and the strength to execute the creation of such.

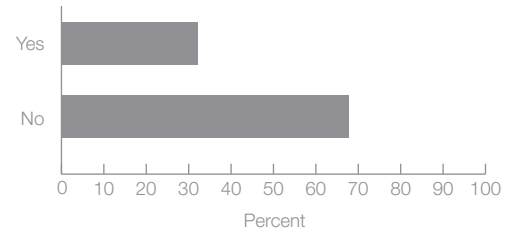
10. If you had to name someone as CEO *immediately* (not on an interim or emergency basis) could you?

Response	%
Yes	48.8
No	51.2



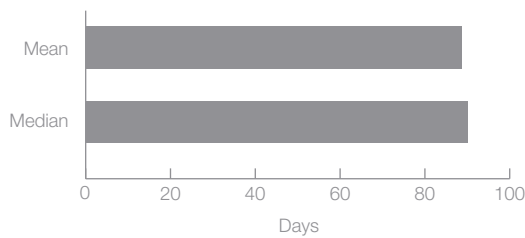
(IF YES) Is the “emergency candidate” also a succession candidate?

Response	%
Yes	32.2
No	67.8
Total	100.0



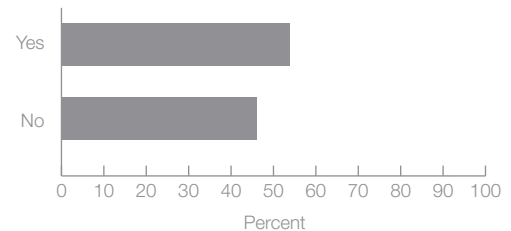
11. If your current CEO left tomorrow, how long would it typically take for the board to name a *permanent* successor (in days)?

Mean	Median
88.8 days	90.0 days



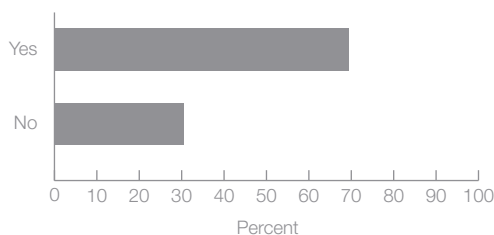
13. Is your company grooming a specific executive (e.g., the chief operating officer, president, or other C-level executive) to succeed the current CEO?

Response	%
Yes	54.0
No	46.0
Total	100.0



12. Has the board identified an “emergency candidate” to be the CEO on a temporary basis while you search for a permanent replacement?

Response	%
Yes	69.5
No	30.5
Total	100.0



14. In a typical year, how many times does the *full board* of directors meet?

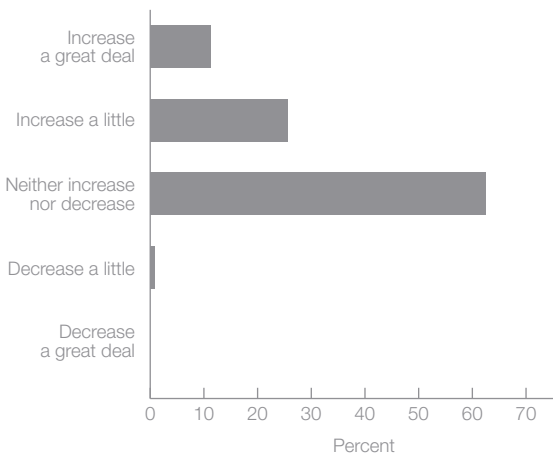
Mean	Median
5.9 times	5.0 times

15. In a typical year, how many times does the board of directors discuss succession planning?

Mean	Median
2.2 times	2.0 times

16. Do you feel that your company should increase, decrease, or keep about the same number of board level discussions on succession planning?

Descriptive	%
Increase a great deal	11.2
Increase a little	25.6
Neither increase nor decrease	62.4
Decrease a little	0.8
Decrease a great deal	—
Total Percentage	100.0



17. How long is a typical board of directors meeting (in hours)?

Mean	Median
6.29 hours	6.0 hours

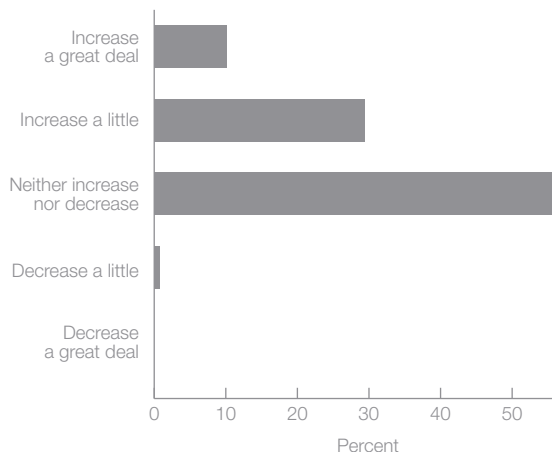
18. When the board of directors discusses succession planning, how much time (in hours) is typically allocated to succession planning?

Mean	Median
1.14 hours	1.0 hour

Note: The full board, on average, spends only 2 hours a year on CEO succession planning. Succession planning is discussed at only two out of five meetings a year for *one hour apiece*.

19. Do you feel that your company should increase, decrease, or maintain the amount of time allocated to succession planning in board level meetings?

Descriptive	%
Increase a great deal	10.1
Increase a little	29.4
Neither increase nor decrease	59.7
Decrease a little	0.8
Decrease a great deal	—
Total	100.0



20. In a typical year, how many times does the nominating and governance committee meet?

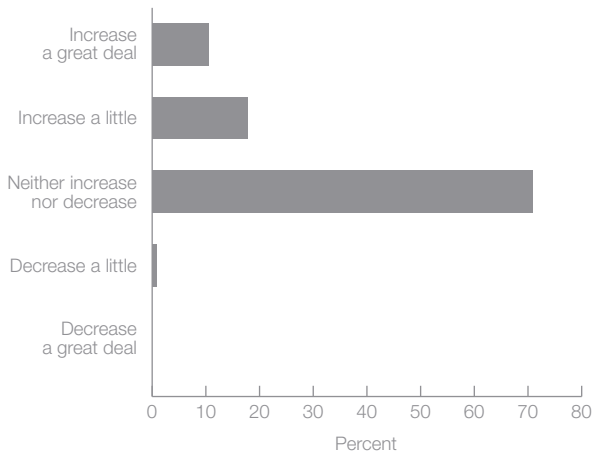
Mean	Median
4.2 times	4.0 times

21. In a typical year, how many times does the nominating and governance committee meet to discuss succession planning at the committee level?

Mean	Median
1.9 times	2.0 times

22. Do you feel that your company should increase, decrease, or keep about the same number of committee level discussions on succession planning?

Descriptive	%
Increase a great deal	10.6
Increase a little	17.7
Neither increase nor decrease	70.8
Decrease a little	0.9
Decrease a great deal	—
Total Percentage	100.0



23. How long is a typical nominating and governance committee level meeting (in hours)?

Mean	Median
1.7 hours	1.5 hours

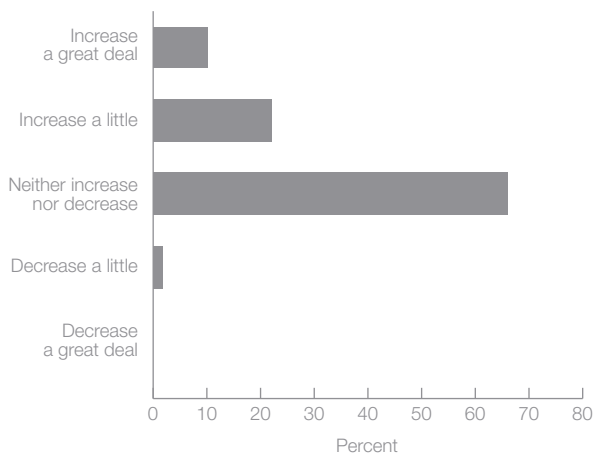
24. When the nominating and governance committee discusses succession planning, how much time (in hours) is typically allocated to succession planning?

Mean	Median
0.8 hours	1.0 hours

Note: Committee meets four times per year, but only discusses succession in two of these meetings for one hour per discussion. (The total succession discussion is two hours per year for the entire board and two hours per year by committee)

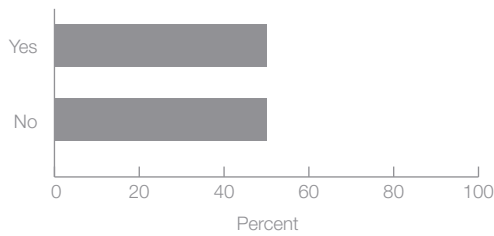
25. Do you feel that your company should increase, decrease, or maintain the amount of time allocated to succession planning in committee level meetings?

Descriptive	%
Increase a great deal	10.1
Increase a little	22.0
Neither increase nor decrease	66.1
Decrease a little	1.8
Decrease a great deal	—
Total	100.0



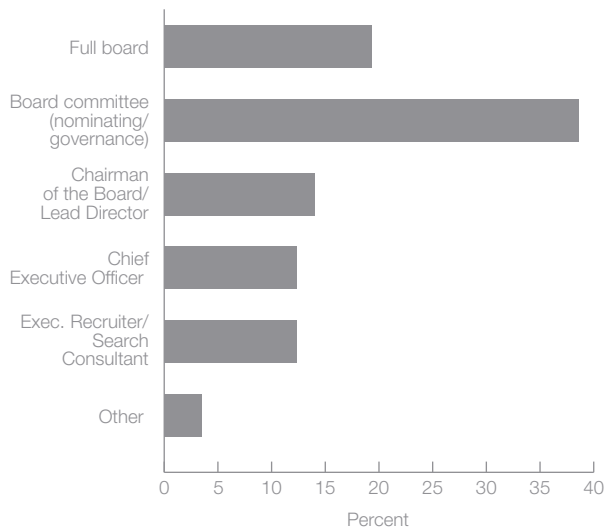
26. Does your company have a *written* document that outlines the skills, competencies and experiences required for the next CEO?

Response	%
Yes	50.0
No	50.0
Total	100.0



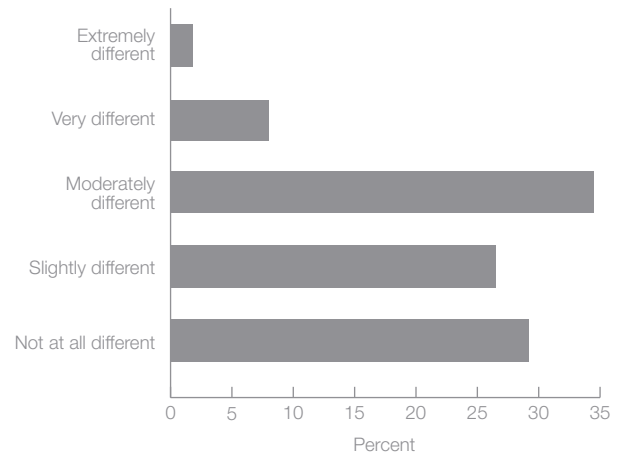
(IF YES) Who has primary responsibility for developing this document? (Please check only one. If more than one party is involved, choose the individual/group that is mainly responsible for this document.)

Participant(s)	%
Full board	19.3
Board committee (nominating/governance)	38.6
Chairman of the Board/ Lead Director	14.0
Chief Executive Officer	12.3
Executive Recruiter / Search Consultant	12.3
Other	3.5
Total	100.0



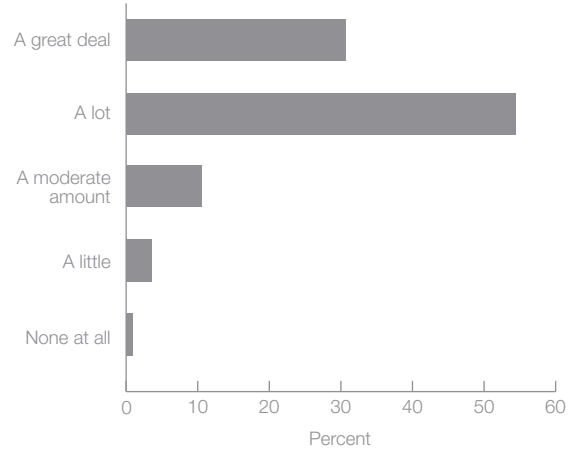
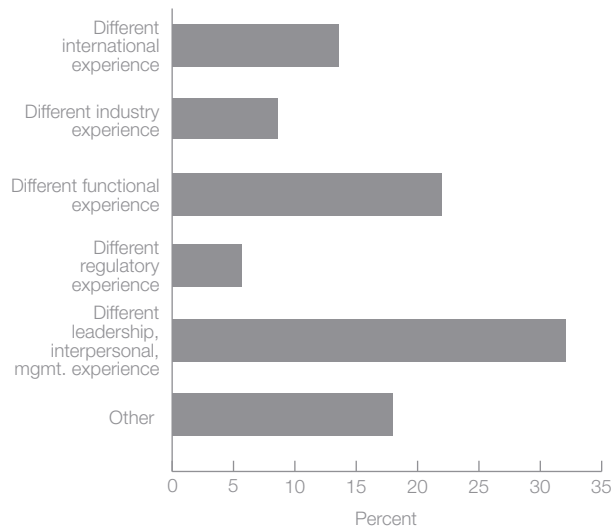
27. How different is the skills and experiences profile for the next CEO from the skills and experience profile for the present CEO?

Descriptive	%
Extremely different	1.8
Very different	8.0
Moderately different	34.5
Slightly different	26.5
Not at all different	29.2
Total	100.0



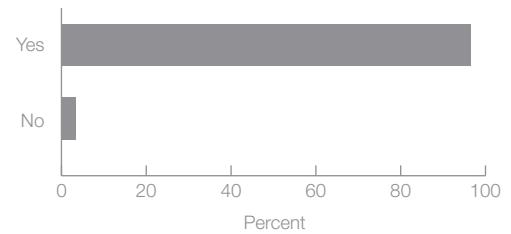
28. (IF THERE ARE DIFFERENCES) In what way do the skills and experiences required of the next CEO differ from those of the current CEO? (Please check all that apply.)

Descriptive	%
Different international experience	13.6
Different industry experience	8.6
Different functional experience	22
Different regulatory experience	5.7
Different leadership, interpersonal, mgmt. experience	32.1
Other	18



30. Does your succession plan consider *internal* candidates to replace the CEO?

Response	%
Yes	96.5
No	3.5
Total	100.0



29. How much does the skills and experience profile for the next CEO take into consideration the future needs of the company?

Descriptive	%
A great deal	30.7
A lot	54.4
A moderate amount	10.5
A little	3.5
None at all	0.9
Total	100.0

(IF YES) How far down the organizational hierarchy do you consider? (Please check all that apply.)

Descriptive	%
One level below the CEO / direct reports to the CEO	51.4
Two levels below the CEO	31.4
Three levels below the CEO	3.6
More than three levels below the CEO	—

(IF YES) If you had to choose a CEO successor within the next 12 months, how viable are internal candidates for the CEO position? (A viable CEO candidate is an individual the board could confidently promote).

Descriptive	%
Extremely viable	14.4
Very viable	22.5
Moderately viable	30.6
Slightly viable	22.5
Not at all viable	10.0
Total	100.0

(IF YES) Does your succession plan specify job rotations for internal candidates as part of the grooming process?

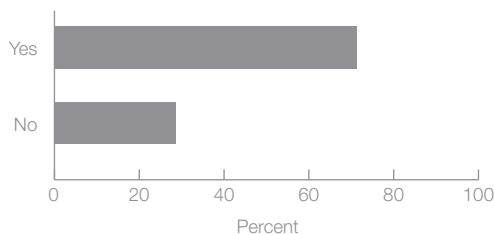
Response	%
Yes	58.2
No	41.8
Total	100.0

(IF YES) What level of executives is included in this rotation? (Please check all that apply.)

Descriptive	No. of Observations
One level below the CEO / direct reports to the CEO	77.9
Two levels below the CEO	34.3
Three levels below the CEO	4.5
More than three levels below the CEO	3.6

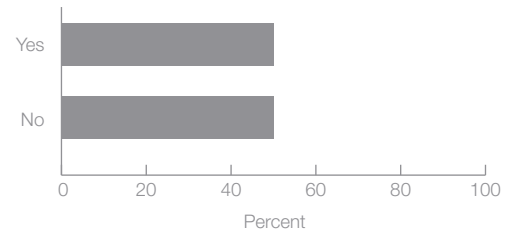
(IF YES) Do these internal candidates know that they are in a formal talent development process?

Response	%
Yes	71.4
No	28.6
Total	100.0



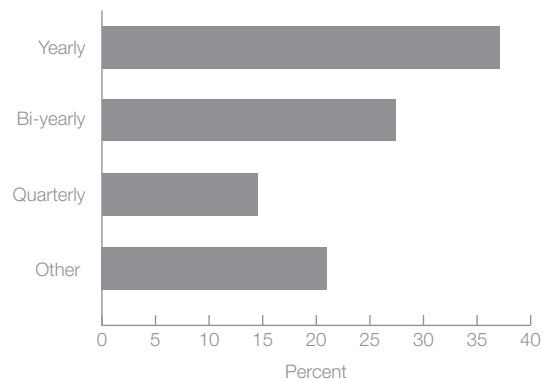
(IF YES) Is there regular communication with these internal candidates regarding succession planning?

Response	%
Yes	50.0
No	50.0
Total	100.0



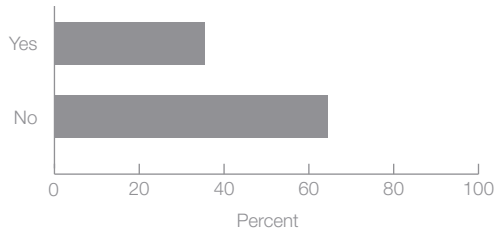
(IF YES) What is the frequency of this communication? (Please check one.)

Descriptive	%
Yearly	37.1
Bi-yearly	27.4
Quarterly	14.5
Other	21.0
Total	100.0



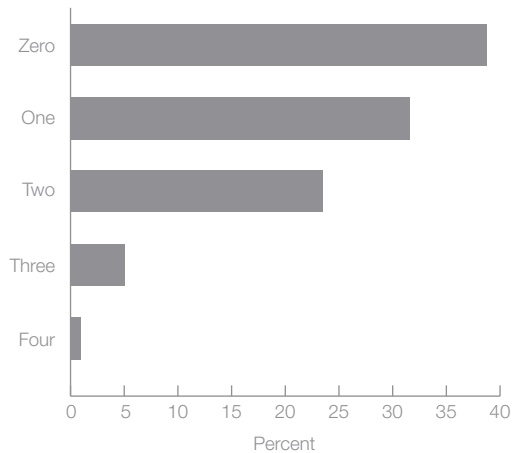
(IF YES) Have you asked these internal candidates whether they want the job and will accept it if it is offered to them?

Response	%
Yes	35.5
No	64.5
Total	100.0



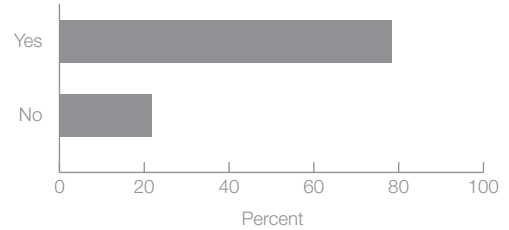
(IF YES) How many candidates from the internal talent pool are “ready now” to immediately assume the CEO position (you could name them tomorrow if required)?

# Candidates	%
0	38.8
1	31.6
2	23.5
3	5.1
4	1.0
Total	100.0



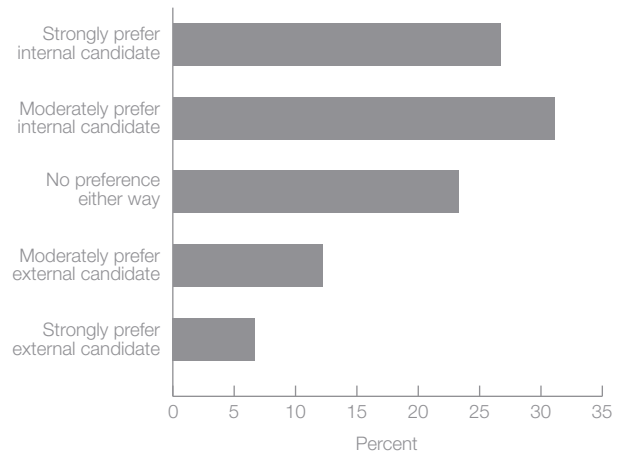
31. Does your succession plan consider external candidates to replace the CEO?

Response	%
Yes	78.3
No	21.7
Total	100.0



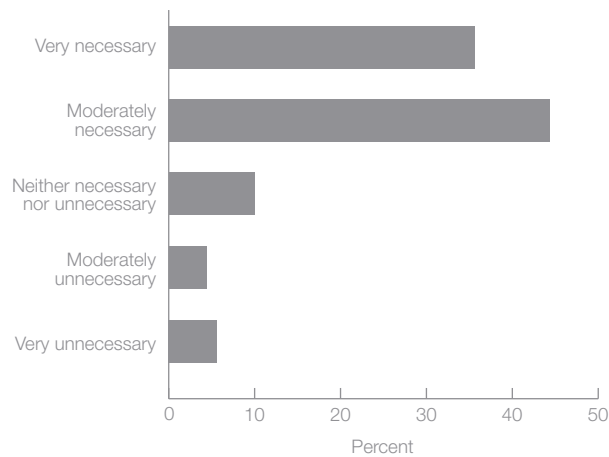
(IF YES) Do you prefer an internal or external candidate to replace your current CEO?

Descriptive	%
Strongly prefer internal candidate	26.7
Moderately prefer internal candidate	31.1
No preference either way	23.3
Moderately prefer external candidate	12.2
Strongly prefer external candidate	6.7
Total	100.0



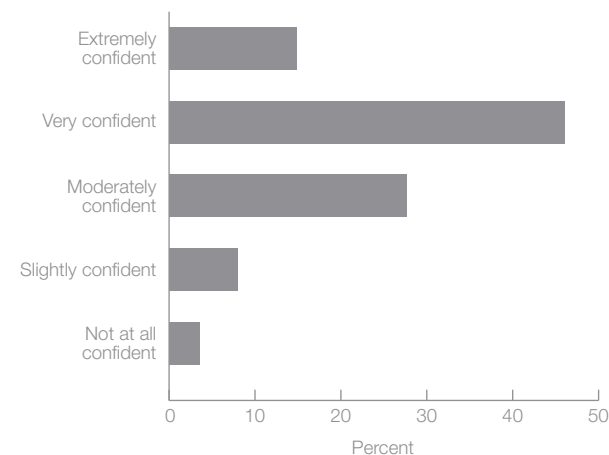
(IF YES) How necessary is an external market scan search, even if there are strong internal candidates to replace the current CEO?

Descriptive	%
Very necessary	35.6
Moderately necessary	44.4
Neither necessary nor unnecessary	10.0
Moderately unnecessary	4.4
Very unnecessary	5.6
Total	100.0



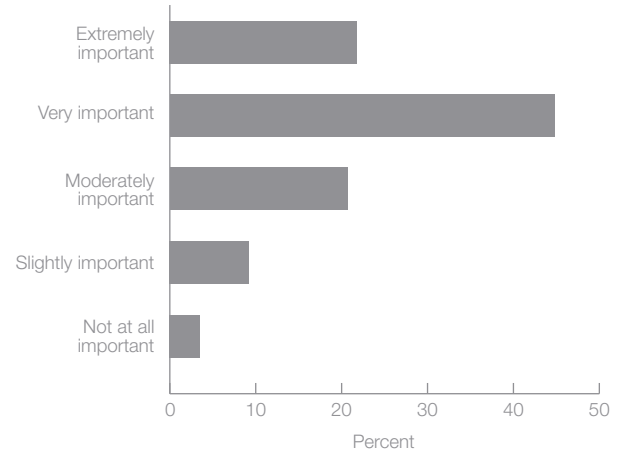
(IF YES) How confident are you that external candidates are evaluated and assessed in a fair (i.e., “apples to apples”) manner with respect to internal candidates?

Descriptive	%
Extremely confident	14.9
Very confident	46.0
Moderately confident	27.6
Slightly confident	8.0
Not at all confident	3.5
Total	100.0



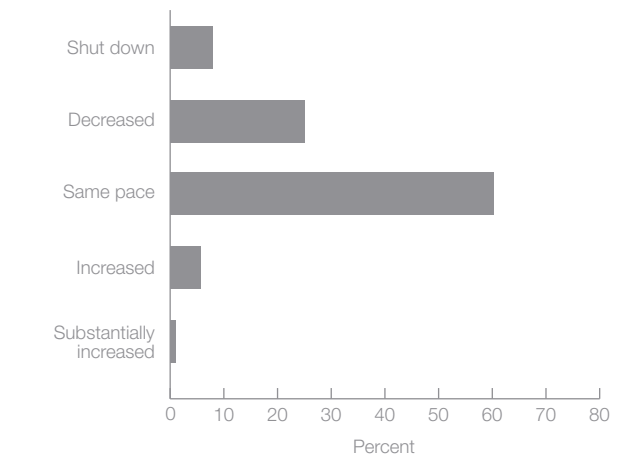
(IF YES) How important is it to utilize external resources to assess the external candidates?

Descriptive	%
Extremely important	21.8
Very important	44.8
Moderately important	20.7
Slightly important	9.2
Not at all important	3.5
Total	100.0



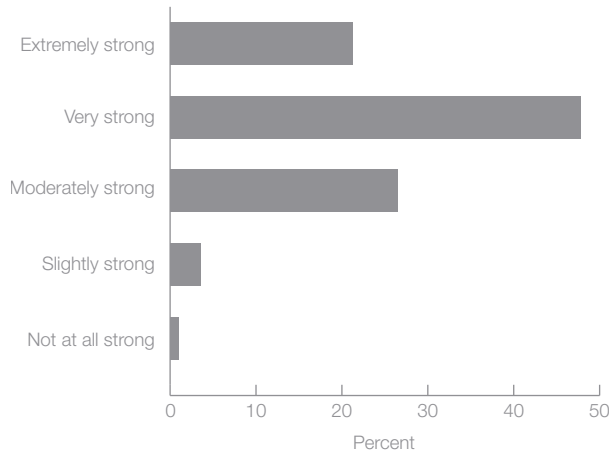
(IF YES) Once viable internal candidates have been identified, what should happen to the external search process?

Descriptive	%
External search should be shut down	8.0
External search activity should be decreased	25.0
External search activity should continue at the same pace	60.2
External search activity should be increased	5.7
External search activity should be substantially increased	1.1
Total	100.0



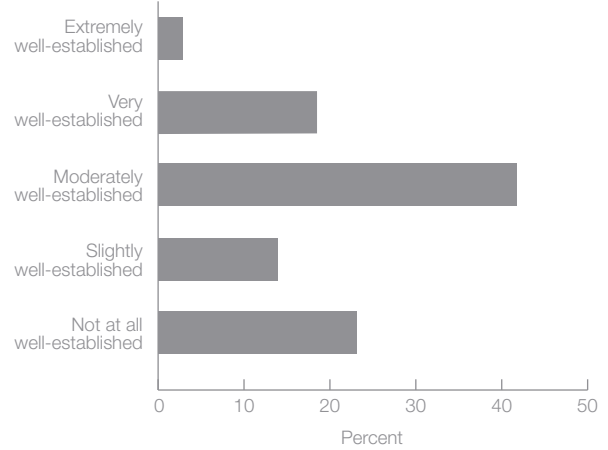
32. How strong is your understanding of the strengths and capabilities of your present C-level executives?

Descriptive	%
Extremely strong	21.2
Very strong	47.8
Moderately strong	26.5
Slightly strong	3.5
Not at all strong	1.0
Total	100.0



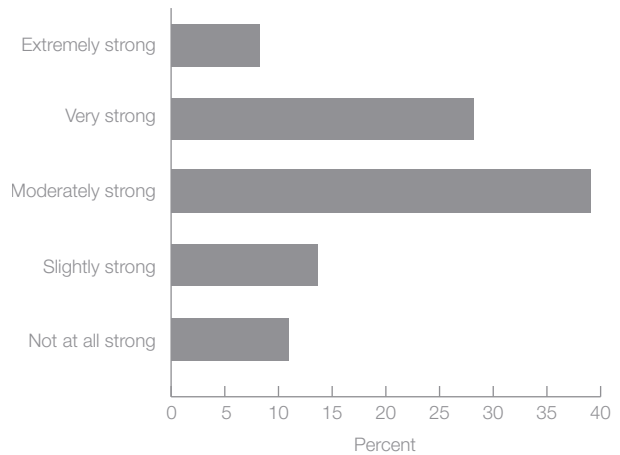
33. How established is your company's external benchmark of the CEO successor candidates (i.e., assess the talent of internal candidates relative to the talent in the external marketplace)?

Descriptive	%
Extremely well-established	2.8
Very well-established	18.5
Moderately well-established	41.7
Slightly well-established	13.9
Not at all well-established	23.1



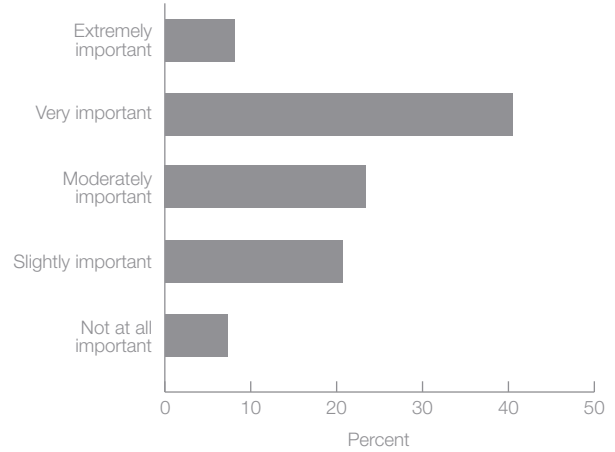
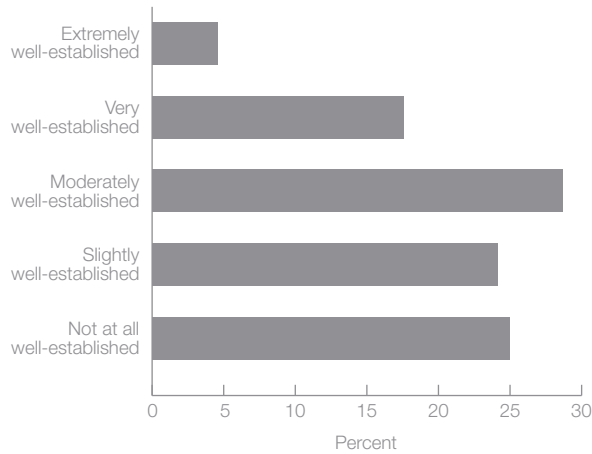
34. How strong is your understanding of the strengths and capabilities of the executives one or two levels below the C-level?

Descriptive	%
Extremely strong	8.2
Very strong	28.2
Moderately strong	39.1
Slightly strong	13.6
Not at all strong	10.9
Total	100.0



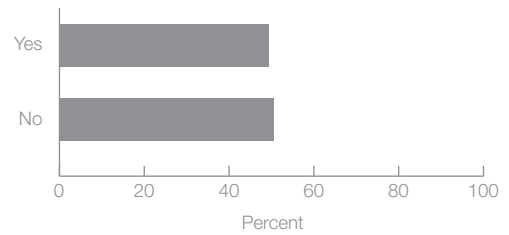
35. How established is your company's external benchmark of the executives one or two levels below the C-Level?

Established	%
Extremely well-established	4.6
Very well-established	17.6
Moderately well-established	28.7
Slightly well-established	24.1
Not at all well-established	25.0
Total	100.0



37. Does your company provide the new CEO with on-boarding/transition support (i.e., a detailed transition plan for the new CEO that encompasses their first 6 to 12 months in the role) in place for the next CEO?

Response	%
Yes	49.5
No	50.5
Total	100.0

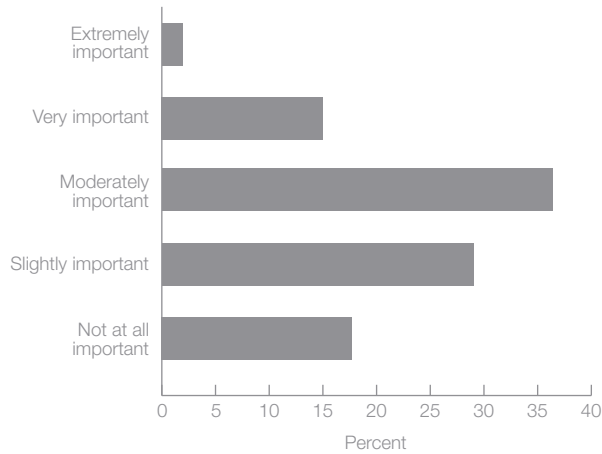


36. How important is it to utilize external resources (e.g., consultants) to provide you with outside benchmarking data to validate the quality of your internal talent

Descriptive	%
Extremely important	8.1
Very important	40.5
Moderately important	23.4
Slightly important	20.7
Not at all important	7.3
Total	100.0

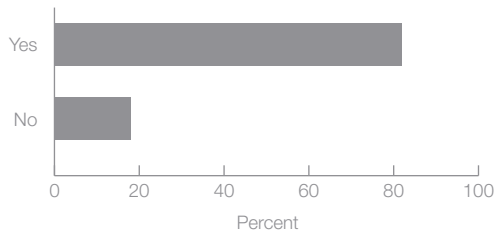
38. How important is it to use external resources to develop an on-boarding/transition plan for the new CEO?

Descriptive	%
Extremely important	1.9
Very important	15.0
Moderately important	36.4
Slightly important	29.0
Not at all important	17.7
Total	100.0



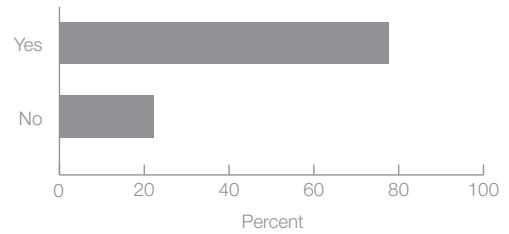
39. Does your company explain the CEO choice and rationale to executives and employees?

Response	%
Yes	81.9
No	18.1
Total	100.0



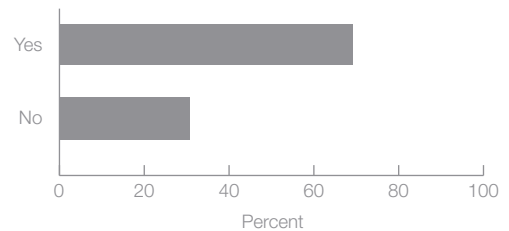
40. Does your company explain the CEO choice to key analysts and major institutional shareholders?

Response	%
Yes	77.6
No	22.4
Total	100.0



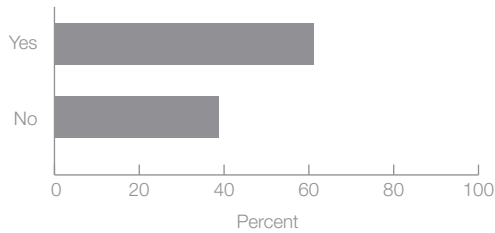
41. Does your company have a plan in place to retain key internal executives who were not selected for CEO?

Response	%
Yes	69.2
No	30.8
Total	100.0



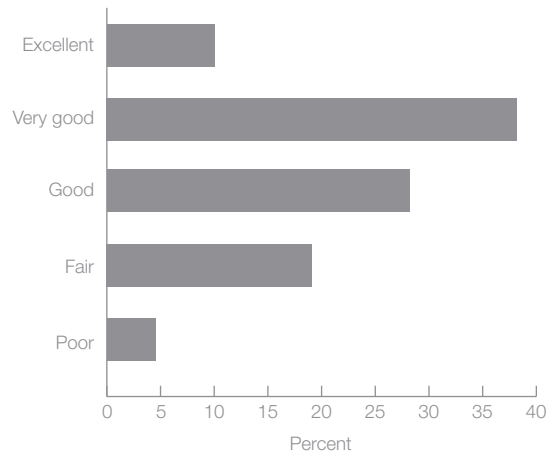
**42. Does the board retain succession experts/
search consultants to advise them?**

Response	%
Yes	61.1
No	38.9
Total	100.0



**43. How would you rate the overall succession
planning at your company?**

Descriptive	%
Excellent	10.0
Very good	38.2
Good	28.2
Fair	19.1
Poor	4.5
Total	100.0





ABOUT HEIDRICK & STRUGGLES AND STANFORD UNIVERSITY'S ROCK CENTER FOR CORPORATE GOVERNANCE

About Heidrick & Struggles

Heidrick & Struggles International, Inc., (Nasdaq: HSII) is the leadership advisory firm providing senior-level executive search and leadership consulting services, including succession planning, executive assessment and development, talent retention management, transition consulting for newly appointed executives, and M&A human capital integration consulting. For almost 60 years, we have focused on quality service and built strong leadership teams through our relationships with clients and individuals worldwide. Today, Heidrick & Struggles' leadership experts operate from principal business centers in North America, Latin America, Europe and Asia Pacific. For more information about Heidrick & Struggles, please visit www.heidrick.com.

About Stanford University's Rock Center for Corporate Governance

The Arthur and Toni Rembe Rock Center for Corporate Governance is a joint initiative of Stanford Law School and the Graduate School of Business at Stanford University. The Center was created to advance the understanding and practice of corporate governance in a cross-disciplinary environment where leading academics, business leaders, policy makers, practitioners and regulators can meet and work together. Please visit: <http://rockcenter.stanford.edu>.



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Codirector of the Directors' Consortium Executive Program

Professor Larcker's research focuses on executive compensation, corporate governance, and managerial accounting. His work examines the choice of performance measures and compensation contracts in organizations. He has current research projects on the valuation implications of corporate governance, role of the business press in the debate on executive compensation, and modeling the cost of executive stock options.

Professor Larcker presently holds the James Irvin Miller Professorship. He is the director of the Corporate Governance Research Program at the Stanford Graduate School of Business and senior faculty of the Arthur and Toni Rembe Rock Center for Corporate Governance at Stanford University. Professor Larcker was previously the Ernst & Young Professor of accounting at the Wharton School of the University of Pennsylvania and Professor of accounting and information systems at the Kellogg Graduate School of Management at Northwestern University. He received his PhD in Business from the University of Kansas and his BS and MS in Engineering from the University of Missouri- Rolla.

He is on the editorial boards of the *Journal of Accounting and Economics*, *Journal of Accounting Research*, *Accounting, Organizations and Society*, *Journal of Accounting and Public Policy*, *Journal of Applied Corporate Finance*. Professor Larcker received the Notable Contribution to Managerial Accounting Research in 2001. He is also a trustee of the Wells Fargo Advantage Funds.



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Vice Chairman, Heidrick & Struggles

Stephen Miles is a Vice Chairman of Heidrick & Struggles. He runs Leadership Advisory Services within the Leadership Consulting Practice and oversees the firm's worldwide executive assessment/succession planning activities. He is also a key member of Heidrick & Struggles' CEO and Board Practice. With more than 15 years of experience in assessment, top-level succession planning, organizational effectiveness and strategy consulting, Stephen specializes in CEO succession and has partnered with numerous Boards of global Fortune 500 companies to ensure that a successful leadership selection and transition occurs. He also has led many Chairman successions and Board effectiveness reviews, partnering with Boards of Directors to help them with their overall effectiveness, committee effectiveness and individual director effectiveness. Additionally, he is a recognized expert on the role of the Chief Operating Officer, and has consulted numerous companies on the establishment and the effectiveness of the position and supporting the transition from COO to effective CEO.

Stephen is a coach to many CEOs and COOs around the world. He has built the Practice's coaching expertise by focusing on high-performance leadership competencies with a heavy emphasis on the business and cultural context. Stephen works extensively internationally, and his clients cut across all industry sectors.

Prior to joining Heidrick & Struggles, Stephen held various positions at Andersen Consulting.

Stephen is author and co-editor of the best-selling business book *Leaders Talk Leadership*. He also co-authored *Riding Shotgun: The Role of the Chief Operating Officer*, as well as the cover article in the May 2006 issue of *Harvard Business Review** on the same topic. Stephen also co-authored the feature article in the April 2007 issue of *Harvard Business Review* titled: "The Leadership Team—Complementary Strengths or Conflicting Agendas? Great top teams work to their members' disparate strengths—but those differences can cause discord, too, especially during succession."

His third book, *Your Career Game: How Game Theory Can Help You Achieve Your Professional Goals*, was released in April 2010 (Stanford University Press) and he has also recently completed a chapter on "Assessing the Leader" for *Linkage Inc.'s Best Practices in Leadership Development Handbook 2nd edition; Wiley 2009*. Stephen is the author of the Stanford Graduate School of Business case study entitled "Multimillionaire Matchmaker: An Inside Look at CEO Succession Planning." Stephen has also been featured in *Forbes*, *BusinessWeek*, *Boardroom Intelligence*, *Strategy + Business*, *WSJ/MIT*, *Consulting Magazine*, *MIT Sloan*, *Ivey Business Journal*, and *CEO Magazine*. He is a frequent speaker on the topics of CEO succession, coaching C-level executives, talent management and complementary leadership at the top (high performance teams).

Stephen is a member of the Heidrick & Struggles' Management Committee. He is an independent Director for Overlay.TV and DNA13, and an Advisory Board Member at Rypple and The Pythian Group. He holds a Bachelor's degree in Psychology and a Master's of Business Administration (summa cum laude), both from Queen's University in Kingston, Canada. He also holds a Master's Degree in Psychology (summa cum laude) from the University of Victoria. Stephen resides in Atlanta, Georgia. He has lived in Kenya, South Africa, Iraq, Argentina and Canada.

* *Second in Command: The Misunderstood Role of the COO* was a McKinsey Award finalist for the best article in *Harvard Business Review* in 2006



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