

Your deepest bench should sit behind the roles that matter most—not simply the highest titles.

Most succession planning starts with the organization chart.

CEO. CFO. COO. Business presidents. Functional leaders.

The logic is understandable. Senior roles are visible, expensive, consequential, and difficult to replace. Boards want confidence that the company has credible successors for its most important executives, while CEOs and CHROs need a disciplined way to identify readiness, development needs, and emergency coverage.

But there is a fundamental problem with building succession planning primarily around hierarchy:

The organization chart is not a value-creation map.

The highest-ranking roles are not always the only positions where leadership performance has a disproportionate impact on enterprise value. In some companies, the most economically consequential role may sit one or two levels below the C-suite. It could be a business-unit president responsible for the fastest-growing segment, a plant leader operating the company's most constrained facility, a commercial executive who owns the most important customer relationship, or a technical leader whose capability is essential to the next generation of products.

If enterprise value is disproportionately influenced by a relatively small number of leadership roles, then succession resources should be concentrated around those roles as well.

That is why succession planning should be viewed not simply as a talent-management process, but as a form of capital allocation.

Succession Risk Is Not Distributed Evenly

Companies tend to treat leadership roles democratically because organization charts are democratic. Every box has a title, a reporting relationship, and a defined place in the hierarchy. But enterprise value is rarely distributed so neatly.

Consider a consumer products company whose growth plan depends heavily on expanding into mass retail. The executive leading that effort may sit two levels below the CEO, yet the company's next several years of growth may

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depend disproportionately on that person's ability to win the right customers, build the commercial capability, manage pricing and margins, and align the organization behind the channel strategy.

Now consider a manufacturing business operating at or near capacity. Demand exists. Customers want more product. The commercial organization is delivering. But the enterprise cannot reliably convert that demand into profitable growth because production capacity, yield, quality, service, or labor availability remain constrained. In that environment, the operational leader who owns the bottleneck may have more immediate influence on value creation than several executives who rank higher on the organization chart.

A private equity-backed platform presents another example. The CFO may matter enormously, but not merely because finance is important. The investment thesis may depend on acquisition integration, cash generation, working-capital improvement, reliable reporting, lender credibility, disciplined capital deployment, and eventual exit readiness. The role is critical because of the Work attached to it.

The title does not create the leverage.

The Work does.

Succession planning should reflect that reality.

Start With the Value-Creation Plan

Traditional succession planning often begins with people. Who is strong? Who is promotable? Who could replace whom? Who needs development? Those are legitimate questions, but they are downstream questions.

A more strategic approach begins with the business.

What must this company accomplish over the next three to five years? Which outcomes will disproportionately determine whether the strategy succeeds? Where does leadership performance have the greatest ability to accelerate—or derail—those outcomes?

Those are the same questions that should be asked when identifying what I think of as **Enterprise Value Nodes**: the relatively small number of leadership positions where exceptional or poor performance can create an unusually wide range of enterprise outcomes.

Once those roles are identified, succession planning becomes much more meaningful. The company is no longer asking only whether it has a replacement for the CFO, COO, or business president. It is asking whether it has sufficient leadership depth behind the Work most critical to value creation.

That may produce a very different list of priorities.

The Most Important Successor May Not Be for a C-Suite Role

Boards understandably devote significant attention to CEO succession, and they should. The CEO has enormous influence over strategy, capital allocation, culture, leadership, and enterprise performance.

But CEO succession should not absorb all of the organization's succession attention.

Some of the most damaging leadership gaps occur deeper in the organization precisely because no one recognized those roles as succession priorities until they became vacant.

A plant leader with decades of process knowledge retires and leaves behind no credible successor. A commercial executive who owns the company's most important retail relationship leaves for a competitor. A business-unit president who serves as the organizational bridge between an acquired company and the parent exits halfway through integration. A technical leader central to the next generation of products departs unexpectedly.

The company may have a polished succession chart for its top fifteen executives and still be dangerously exposed.

That is why the key question should not be, "Who could replace our most senior leaders?"

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A better question is:

Where would the loss of leadership capability most jeopardize the Results we are trying to produce?

That reframes succession from a hierarchy exercise into a business-risk exercise.

Bench Strength Should Follow Economic Leverage

Once the highest-leverage roles are identified, the next question is whether the organization has enough depth behind them.

That does not necessarily mean naming a single successor for every critical role. In many cases, it is more useful to think in terms of a succession bench.

Is there someone who could step in immediately if needed? Is there someone who could be ready within twelve to twenty-four months? Is there a high-potential leader who could eventually grow into the role if given the right experiences? Is the internal bench so limited that the company would almost certainly need to recruit externally?

Those questions create a much more realistic picture of organizational risk.

Some roles will have strong internal depth. Others will expose uncomfortable vulnerabilities. That is useful information because a critical role with no viable successor is not merely an HR problem. It is a business risk.

And like any other material business risk, leadership should decide whether to accept it, mitigate it, or invest against it.

That investment might take the form of development, retention, cross-functional exposure, external market mapping, restructuring the role, or recruiting ahead of need.

The point is to allocate succession resources according to economic consequence rather than organizational rank.

Development Should Be Designed Around Future Work

Succession planning frequently identifies high-potential executives and gives them development plans. Too often, those plans are generic.

Improve executive presence. Gain broader exposure. Strengthen strategic thinking. Develop financial acumen.

Those may all be worthwhile objectives, but they are usually too vague to prepare someone for a materially larger role.

If the objective is to prepare an executive for future leadership, development should be designed backward from the Work that role will actually require.

Suppose a strong sales leader is being considered as a potential successor to the Chief Commercial Officer. The relevant question is not simply whether that executive has performed well in sales. It is what the future CCO role will require that the individual has not yet demonstrated.

Perhaps the role requires portfolio management across multiple brands, ownership of pricing and revenue-growth management, customer strategy across channels, P&L tradeoffs, digital commerce, stronger financial fluency, or the ability to influence marketing, supply chain, operations, and finance without direct authority.

The development plan should create opportunities to build and demonstrate those capabilities. Give the executive enterprise pricing exposure. Put them in charge of a cross-functional growth initiative. Have them lead a major portfolio decision. Expand their responsibility beyond the function in which they have already succeeded. Expose them to the board and to broader enterprise tradeoffs.

Succession development becomes much more powerful when it is designed around future Work rather than generic leadership competencies.

Readiness Is Contextual

Another common succession mistake is treating readiness as a permanent label.

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Someone is “ready now.” Someone else is “ready in two years.”

But ready for what?

An executive may be fully ready to become CFO of a stable, professionally managed company and not ready to become CFO of a founder-led business preparing for its first institutional investment. A president may be ready to run a $500 million division but not yet prepared to lead an integration-heavy $2 billion platform. A strong operations executive may be ready for a COO role focused on scale and continuous improvement but not for one requiring a turnaround, restructuring, and wholesale leadership-team rebuild.

Readiness is contextual because roles are contextual.

As strategy changes, the definition of readiness may need to change with it. The successor who looked ideal two years ago may no longer be the strongest option if the company’s Work has materially changed.

This is why succession planning cannot be an annual exercise that produces a static PowerPoint deck and then disappears until the following year. It has to remain connected to the strategy, the value-creation plan, and the evolution of the Work.

Do Not Confuse Retention With Succession

Succession planning is also sometimes used as a retention device. A high-potential executive is told they are “in the succession plan,” with the hope that recognition will increase engagement and reduce the risk of departure.

That can create problems if the language implies certainty that does not actually exist.

Being identified as a potential successor should mean that the company sees evidence of future capability and intends to create opportunities to test and develop it. It should not mean the role has been promised.

The Work may change. Another internal candidate may progress more quickly. An external candidate may ultimately prove stronger. The executive may reveal limitations that were not initially visible. The business may evolve in a direction that requires a very different profile.

A credible succession process is honest about that uncertainty.

High-potential leaders deserve development, opportunity, feedback, and clarity. They do not need false certainty about a future role.

External Market Intelligence Belongs in Succession Planning

Succession planning is often treated almost entirely as an internal process. I think that is incomplete.

Even companies deeply committed to internal development should understand the external talent market around their most important roles.

What caliber of leader could be recruited if necessary? How does the internal successor compare with external alternatives? What capabilities are competitors building? Which leadership profiles are emerging in the market that the company does not currently possess? Which roles have become especially difficult to recruit? Where is compensation moving?

The objective is not to constantly shop internal leaders against outsiders. It is to maintain realistic market intelligence around roles that matter.

A CEO or board should not discover the external talent market for a critical position only after an unexpected resignation.

That is especially important for roles where the required capabilities are scarce, the economic leverage is high, or the external market is moving faster than the company’s internal development system.

The strongest succession systems therefore combine **internal development with external awareness**.

AI Will Change Succession Requirements Too

This becomes even more important as artificial intelligence begins changing the Work inside executive and leadership roles.

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The successor to today's CFO may not need to perform the same job as today's CFO. The next commercial leader may inherit an organization where AI agents perform much of the analysis, customer preparation, forecasting, and information assembly previously distributed across analysts and managers. Supply-chain leaders may increasingly manage human and digital workflows simultaneously. CHROs may need to architect organizations where roles are deliberately divided among human judgment, automated activity, agentic workflows, and explicit decision rights.

As the Work changes, succession specifications must change with it.

Otherwise, companies may spend years developing talented executives to inherit roles that no longer exist in the same form.

That means a forward-looking succession discussion should not only ask, "Who could replace this leader?"

It should also ask:

What will this leadership role need to become?

That is a much harder question, but it is increasingly the right one.

Boards Should Treat Leadership Depth as an Asset

One of the clearest indicators of organizational quality is what happens when a strong executive leaves.

In a fragile organization, performance deteriorates, decisions slow down, knowledge disappears, and the company begins an urgent external search. In a stronger organization, another capable leader steps forward—or at least provides credible interim coverage while the company evaluates its options deliberately.

That resilience has economic value.

A deep leadership bench reduces transition risk, preserves institutional knowledge, increases strategic flexibility, and creates optionality around growth, acquisitions, new businesses, restructurings, and leadership changes.

Boards routinely discuss financial resilience, liquidity, customer concentration, supply-chain risk, cyber risk, and operational continuity. Leadership depth belongs in the same conversation.

An organization that depends on a handful of irreplaceable executives may be performing well today while carrying substantial hidden risk.

Succession planning is one of the ways that risk becomes visible.

Succession Planning Is Not an HR Exercise

HR should play a central role in succession, but accountability cannot sit there alone.

The CEO owns the leadership system. Executives own the development of talent beneath them. Boards own CEO succession and should understand leadership risk across the broader enterprise. Private equity sponsors should understand where management depth supports—or threatens—the investment thesis.

Succession becomes strategic when it is connected to enterprise value rather than administered as an annual talent process.

The question is not simply whether the company has names in boxes.

The question is whether the organization is deliberately building leadership capacity behind the Work that matters most.

That requires choices. Where should development dollars go? Which leaders need broader experiences? Which roles require external market mapping? Where is retention especially critical? Which leadership gaps represent genuine enterprise risk? Which roles may need to be redesigned before the successor profile is even clear?

Those are not merely HR questions.

They are capital-allocation questions.

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Put the Deepest Bench Behind the Work That Matters Most

Every organization has limited leadership attention, development resources, executive exposure, and succession capacity. Those resources should not be allocated evenly.

They should be concentrated where the consequences are greatest.

Start with the strategy and the value-creation plan. Identify the Results that matter most. Determine which leadership positions have disproportionate influence over those Results. Assess the depth behind those roles. Then decide where the organization should invest.

Some positions will need stronger internal development. Others may require external talent intelligence. Some may need retention strategies. Others may need redesigned Work before the successor profile can even be defined.

But the governing principle is straightforward:

The deepest leadership bench should sit behind the Work that matters most.

Because succession planning is not merely about replacing executives when they leave.

It is about protecting and compounding the organization's capacity to create value.

Succession planning is capital allocation.

ABOUT JOE HUNT



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