BEYOND PERFORMANCE ASSESSING FUTURE CEOS

A practical approach to evaluating readiness for the responsibilities of a specific CEO role.



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Foreword

When a board evaluates potential CEOs, a strong track record provides valuable evidence. The harder question is how that experience prepares someone for the decisions they will face in the role ahead. A successful functional leader may have had limited opportunity to carry responsibility for the whole business. The board needs to understand what they have demonstrated and where the evidence is still incomplete.

In my work assessing senior executives across listed businesses, privately owned companies and private equity-backed organisations over the past year, this question has come up repeatedly. Development conversations have often focused on broader accountability, confidence with boards and investors, and experience of decisions that affect the whole organisation. Those conversations have practical implications for how we prepare potential successors.

In this paper, CEO assessment means evaluating an individual's capabilities, leadership approach and suitability for the demands of a specific CEO role, taking account of both the individual and the context in which they will lead. It can inform an appointment, a succession decision or a longer-term development plan.

The central recommendation is to define the future role clearly, examine evidence against its demands and give potential successors opportunities to develop the experience they still need. The framework in this paper sets out six questions to support that work.

What Enterprise Readiness Means

Enterprise readiness is the ability to take responsibility for the whole organisation in its particular circumstances. It includes understanding how a decision in one part of the business affects performance elsewhere, and accepting accountability for the consequences. Its meaning depends on the role: a founder-led business, a listed company and a business preparing for a change of ownership may need different experience from their next CEO.

A gap in experience deserves careful interpretation. It may reveal a development need, or simply reflect a responsibility the individual has never been given. Assessment should help a board distinguish between the two and decide what further evidence it needs.

The Responsibilities Successors Need to Demonstrate

Five themes from our assessment work help explain what broader responsibility involves. Each should be considered against the organisation's strategy and the demands of the next CEO role.

1

Leading across the whole business

Enterprise leadership involves decisions across functions whose interests may compete. A leader may need to balance investment in a new product with operational reliability, or consider how cost reductions will affect customers and the workforce. The evidence lies in how they understand those connections, involve the right people and take responsibility for the overall result.

A divisional profit and loss account can provide useful preparation. The board should still examine which decisions the individual owned and which remained with a group function or another executive. The scope of the role matters when interpreting the achievement.

2

Developing judgement through accountable experience

A promotion changes someone's responsibilities; preparation depends on what they have already had the opportunity to do. An acquisition integration, international expansion or business recovery can expose a potential successor to unfamiliar decisions. The development value depends on giving them genuine accountability, with support appropriate to the risk.

Coaching and executive education can help leaders interpret those experiences. A development plan should also specify the decisions the individual will own, who will review their progress and what evidence will indicate that they are ready for broader responsibility.

3

Exercising judgement about technology

For a CEO, technology judgement includes deciding where to invest and how to judge whether an initiative is useful. With AI, for example, a board can explore how a candidate would evaluate a proposed customer service application. What problem would it solve? How would they test the quality of its responses, protect customer information and decide when a person should intervene?

Their reasoning should make the commercial assumptions and consequences clear. The board can then examine how they would respond if the results challenged the original investment case. These questions give more useful evidence than a general statement of enthusiasm for AI.

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Representing the organisation externally

Working with investors, customers and other external stakeholders is an established part of the CEO role. The development question is whether the individual has carried responsibility for those relationships. Attending a board meeting provides different evidence from securing support for a disputed investment or explaining why a business has missed its commitments.

The relevant relationships depend on the business. Ownership expectations, regulatory exposure and strategic partnerships should determine which experiences a successor needs.

5

Building leadership capacity and sustaining performance

A potential CEO needs to develop leaders who can make sound decisions without depending on them for every answer. Evidence includes how they delegate, address underperformance and prepare successors within their own team. A well-run function can still depend too heavily on one person.

Readiness also includes the person's willingness and circumstances. Travel, family commitments and wellbeing deserve an honest conversation about the actual requirements of the role and the support available. The aim is a realistic understanding on both sides.



An Enterprise Readiness Framework

Boards and chief people officers can use the following six questions to structure evaluation and development. Begin with the strategy, ownership context and likely demands of the role over the next three to five years. Agree the critical responsibilities and the evidence required before discussing individual candidates. This creates a common basis for comparing internal and external successors.

1. Can they make decisions for the whole organisation

Examine a decision where the candidate had to weigh competing interests across the business. Ask what they owned, whose interests were affected and how they judged the consequences. Explore the options they rejected, what happened afterwards and what they would change.

Useful evidence might come from allocating capital across business units or leading a change that benefited the organisation while imposing costs on their own function. Where experience is narrow, agree an assignment with responsibility across functions and a clear sponsor. Review the quality of their decisions as well as delivery against the plan.

2. Can they turn strategic choices into delivery

Test how the individual connects an ambition with the resources, organisational changes and operating decisions needed to achieve it. Ask them to explain a strategy they helped deliver, the assumptions behind it and how they adapted when circumstances changed.

Clarify the difference between contributing to a programme and owning its result. Financial performance should be considered alongside customer impact and the organisation's ability to sustain delivery. A suitable development opportunity could involve leading an integration or taking responsibility for a business with a different operating model, with explicit measures and review points.

3. Can they judge unfamiliar opportunities and risks

Explore how the candidate reaches a decision when they cannot rely on their own technical expertise. How do they choose advisers, challenge assumptions and recognise the limits of the available evidence? Ask about a decision they revised and what prompted the change.

Use a realistic business scenario to examine their reasoning. A technology investment can reveal how they weigh potential value against implementation costs and operational risk. Such an exercise adds evidence about their thinking; it should be considered alongside examples of decisions they have carried through in practice. Development can include responsibility for an investment outside their specialism, supported by relevant expertise.

Gather evidence consistently

Use structured discussions of past decisions, relevant references and role-specific scenarios to examine the same critical responsibilities for each candidate. Record what each source establishes and where accounts differ. Distinguish observed behaviour from an inference about potential. Give candidates a fair opportunity to explain their contribution, including the authority and resources they actually had.

Connecting the Evidence to a Succession Decision

4. Can they build confidence with key stakeholders
Identify the relationships that will be essential to the next CEO's mandate. Explore a situation where the individual had to win support, deliver difficult news or maintain trust through disagreement. Consider how they listened, explained the trade-offs and followed through on commitments.

Board exposure becomes more useful when a successor owns a substantive discussion and remains accountable for its outcome. Development might involve presenting an investment proposal, leading a strategic customer relationship or taking responsibility for an external partnership. Agree what they will lead and how feedback will be gathered.

5. Can they build the leadership team the business needs
Examine how the candidate has strengthened leadership beyond their own contribution. Who has taken on greater responsibility? How have they handled a capability gap or a difficult succession decision? Look at whether their team can operate effectively when they step away.

Consider behaviour alongside results. A candidate may deliver strongly while discouraging challenge or retaining too many decisions. References and examples from colleagues can help test this. Development should give them responsibility for building a team with the capabilities the business needs, with clear expectations for delegation and succession.

6. Are the mandate and conditions for success clear
Discuss what the board expects the next CEO to change, the authority they will have and the support available. Explore where the individual would need to rely on the chair or the executive team. Check that both sides understand the ownership context and the practical demands of the appointment.

Where a gap can be addressed through onboarding, a team appointment or a clearer mandate, record that commitment and its owner. Where an essential experience is missing, decide whether it can realistically be developed before the appointment is needed. Willingness to take the role should be explored directly with the individual.

Make a judgement against the role
Bring the findings together against each critical responsibility. Record the supporting evidence, its limits and the consequences of any gap. Avoid allowing a strong overall impression to obscure a requirement that is essential to the appointment.

The resulting judgement should explain whether the individual is ready for the defined role, could be ready after specific development, or needs further evidence before a decision can be made. These are conclusions about a particular appointment and time horizon. A successor's readiness may change as the business or their experience changes.

For each development priority, agree an accountable assignment, a sponsor and a review date. Specify what the board needs to see before revisiting its judgement. If the appointment proceeds, carry the findings into onboarding and the working relationship between the chair and CEO.

Case Study

Five themes from our assessment work help explain what broader responsibility involves. Each should be considered against the organisation's strategy and the demands of the next CEO role.

Designing a shared assessment framework for a global renewable energy company

A global renewable energy company commissioned Holmes Noble to design a bespoke assessment framework that would apply to every employee, from entry level through to the C-suite and CEO. The organisation wanted a common approach that extended beyond functional competencies and reflected the culture it was working to build.

Making the framework accessible

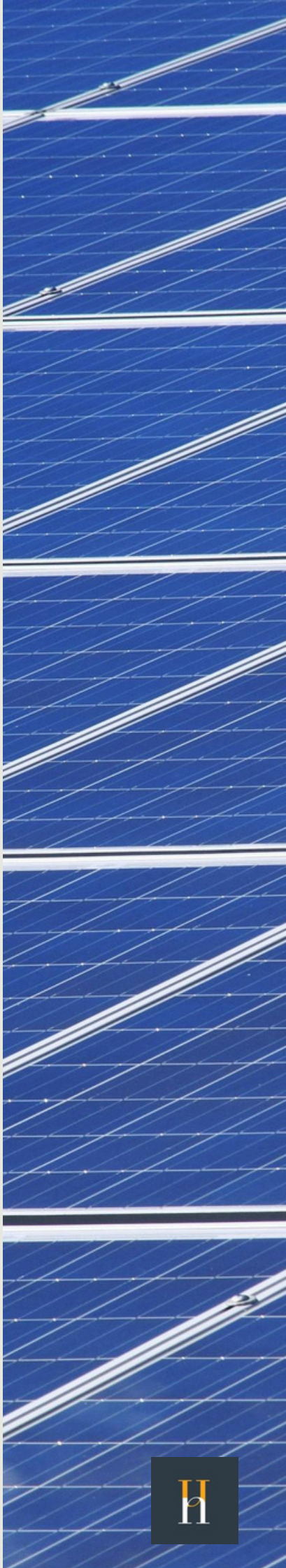
The framework evolved from an original nine "Power Skills" into five core areas, centred around three principles of growth: Grow the Future, Grow Myself and Grow Others.

The organisation deliberately chose a high-level, accessible design that employees could understand and adopt as the business continued to evolve. It used three proficiency levels, Developing, Solid and Best in Class, rather than five. This kept the framework straightforward enough to use across the organisation.

Connecting behaviour with the cultural journey

The framework was designed around the ambition to embed four values into the organisation's DNA: Safety First, Do the Right Thing, Work as One and Build the Future.

It also reflected the organisation's wider transformation journey. Above & Below the Line Thinking encouraged accountability, ownership and a solutions-oriented mindset. Teams of Teams supported collaboration beyond organisational silos, with the aim of creating the alignment and agility needed for sustainable growth and high performance in a fast-paced environment.



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How this relates to CEO readiness

This was an organisation-wide behavioural framework, giving employees a shared language for growth and expected behaviour. The enterprise readiness questions in this paper address a different, related decision: whether an individual is prepared for a specific CEO role.

A shared behavioural framework can inform that evaluation. The board still needs to define what those behaviours mean at CEO level and examine evidence at the required scale of accountability. For example, collaboration can be explored through a decision that crosses business boundaries; accountability can be explored through how a leader handles the consequences of a decision they own.

Preparing successors for the role ahead

A useful succession review leaves the board clear about the role it is preparing to fill, the evidence it has about potential successors and the experience each person still needs. That clarity gives the chief people officer and business leaders a basis for assigning meaningful development and reviewing progress before an appointment becomes urgent.

Katie Ann Poxon is a Partner at Holmes Noble. Her work includes executive search, leadership assessment and the design of bespoke assessment frameworks.

