



Pearl Meyer

Beyond “Clone” CEO Succession: Developing Today’s Executives for Tomorrow’s CEO roles

A Compensation Committee Series Webinar

April 21st, 2026



Presenters



Ana Dutra

Independent Director,
Pembina Pipeline
Corporation,
CarParts.com, various
Private Corporate
Director roles



Peter Thies

Managing Director,
Pearl Meyer



**Dan
Moynihan**

Managing Director,
Pearl Meyer

Housekeeping



- + Submit a question and receive your answer directly from the presenters, either during today's webinar or as a follow-up. You will also be opted-in to receive future executive compensation thought leadership from Pearl Meyer.
- + Presentation slides are available today at;
 - <https://pearlmeyer.com/insights-and-research/webcast/beyond-clone-ceo-succession>

The replay will be available early next week at:

- www.nacdonline.org/webinars
- <https://pearlmeyer.com/insights-and-research/webcast/beyond-clone-ceo-succession>

NACD Credentialing Information



Your participation in today's webinar earns you credit toward maintaining your NACD credentials.

NACD Board Leadership *Fellowship*®

If you're working toward maintaining your NACD *Fellowship*® credential, you will receive **1 credit**.



NACD Directorship Certification®

If you're working toward maintaining your NACD Directorship Certification® credential, you will receive **1 credit**.





- + Explore the evolution of the CEO role in today's turbulent business climate, and what it means for today's successors.
- + Discuss what CEOs and Boards should look for in the next generation of leaders, including how to avoid the "cloning" effect.
- + Offer a perspective on how to design compensation plans that encourage broader leadership development and support the succession process.



Has your board had a CEO succession conversation in the last 12 months?

1. Yes
2. No



A Leadership Turning Point

- + The role of the CEO is getting harder.
- + Next-gen CEOs face business environments with more volatility, uncertainty, chaos and ambiguity (VUCA).
- + Developing “clone” CEOs who learned the ropes from their predecessors is no longer enough.
- + The key CEO attribute is *resilience*.

What this means:

Boards can help by aligning with the CEO on the future CEO profile.

Resilient CEOs must be able to blend traditional leadership skills with new forms of strategic, organizational, and stakeholder agility.



WHAT IT IS



A “spec” of competencies, qualities, and capabilities



Strategy-based



Board driven

HOW TO USE IT....



CEO evaluation & succession planning



Executive assessment and development



External search



... and WHY

*“You Can’t Get What You Want
(Til You Know What You Want)”*
-Joe Jackson (1984)

*“If You Don’t Know Where You’re Going,
Any Road Will Take You There”*
-George Harrison (1979)

*“You Can’t Always Get What You
Want....But if You Try Sometimes, You
Might Find You Get What You Need”*
- Mick Jagger and Keith Richards (1969)



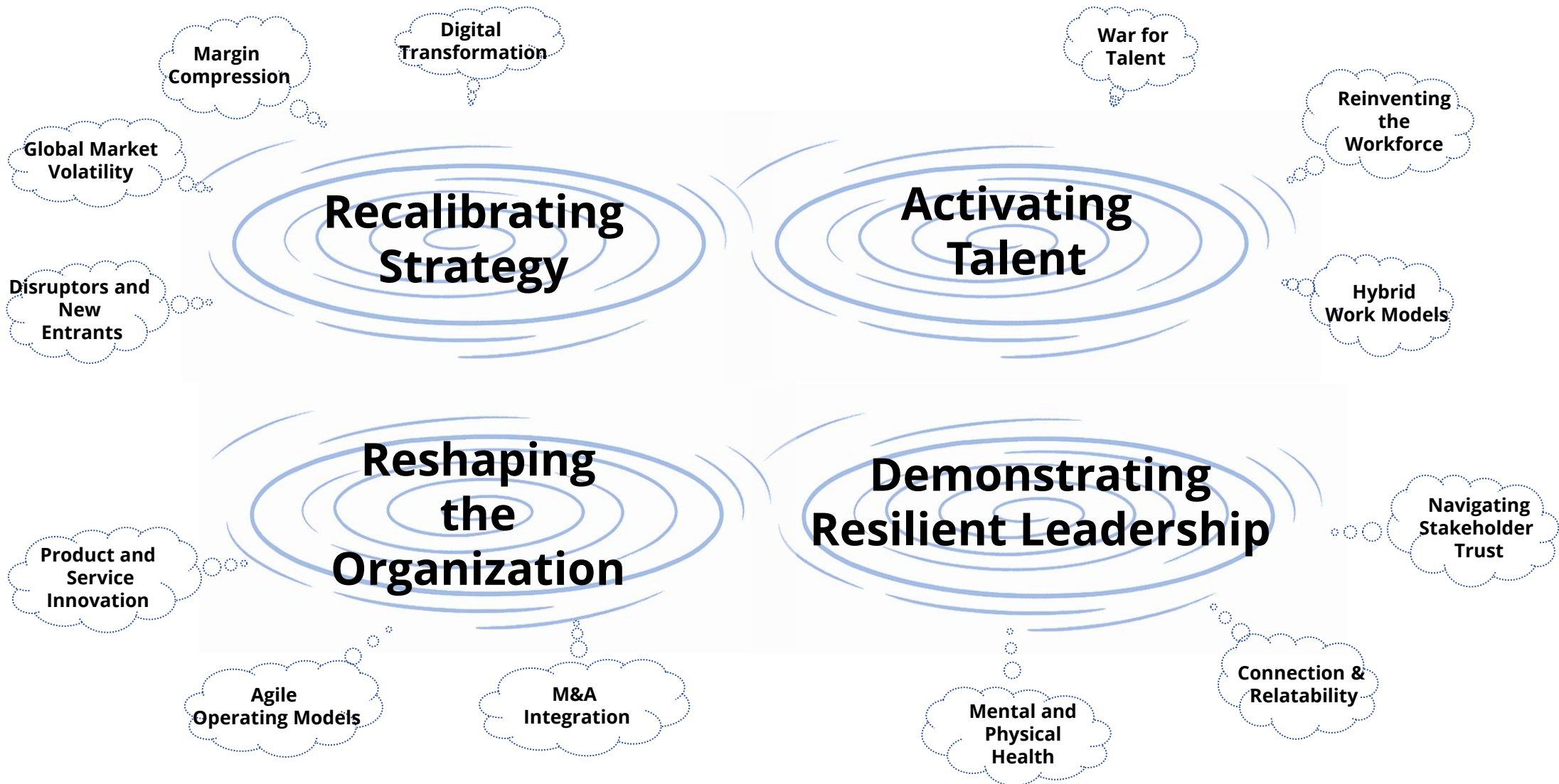
Defender of Stability

- + Credibility with investors, regulators, and other stakeholders
- + Responsible risk management
- + Effective in a crisis
- + Steward of the brand



Driver of Transformation

- + Digital fluency (AI, data quality, cyber accountability, and analytics)
- + Leading a multi-generational workforce
- + M&A integration, partnerships and organic growth strategies
- + Transformational leadership





Recalibrating Strategy	
<i>Steering the organization with purpose through heightened and protracted uncertainty</i>	
Lead with Strategy and Purpose	Creating a strategy linked to core mission and long term, sustainable growth
Act with Agility and Opportunity	Pivoting with grit and persistence to manage today while keeping an eye on the future amid uncertainty
Enable Courageous Decision Making	Cultivating candor, encouraging rich dialogue, then deciding with conviction, alignment, and an action orientation

Activating Talent	
<i>Attracting, developing and engaging a diverse, multi-generational workforce</i>	
Deploy a Workforce Model for Today's Talent	Creating policies and hybrid work arrangements that balance employee and employer expectations while increasing performance and productivity
Unleash Potential	Identifying talent who can learn new skills and can adapt to changing requirements. Providing opportunities for growth that bring the best out of your leaders.
Develop Leadership Bench Strength	Implementing development programs that produce a sustainable supply of leaders ready to take on C-Suite roles

Reshaping the Organization	
<i>Creating an adaptive and efficient organization that innovates to drive growth</i>	
Create an Agile Operating Model	Designing efficient structures, teams and management processes that drive strategy execution and respond to competitive pressures
Drive Digital Transformation	Utilizing emerging technologies and digital capabilities to create products and services that enhance the customer experience
Inspire Innovation	Creating systems and processes that empower employees to innovate, problem solve and respond swiftly to external realities

Demonstrating Enterprise Leadership	
<i>Strengthening resiliency; modeling self-care, empathy and determination</i>	
Display Enlightened Self-Awareness	Seeking feedback; being mindful of impact on others; having accurate insight on others' motivations and needs.
Connect with Purpose and Authenticity	Leading interactions with transparency, vulnerability, and curiosity; engaging with empathy and active listening; promoting courage and creating psychological safety.
Increase Learning Agility	Seeking opportunities to learn new skills; exploring new ways of solving complex problems; leveraging others' talents to augment your own; driving change in the face of resistance; willingly challenge the status quo and prior practices.



7 Uses of This Resilient CEO Profile



CEO Evaluation & Succession Planning



1. Develop your version of the profile
2. Incorporate it into your CEO evaluation process
3. Use it to identify future internal CEO candidates



Executive Assessment and Development



4. Work with management to modify the profile for use in assessment of the executive pipeline
5. Ensure top leaders are being developed against this profile – these are your future C-Suite and CEO candidates



External Search



6. Incorporate into the spec that Executive Search firms use to identify, screen and select finalist candidates
7. Use to evaluate external and internal candidates



- + Clone succession preserves stability but limits renewal.
- + Complementary succession balances continuity with new capabilities.
- + Operational excellence is still vital, but adaptability is now the differentiator.
- + Tomorrow’s leaders must engage regulators, customers, and employees while innovating responsibly.
- + Boards should:
 - **Ask:** Is the next CEO right for the future environment, not just the last one?
 - **Rethink succession:** Define leadership profiles before naming successors.
 - **Develop internal pipelines:** Rotate executives across functions and external exposure.
 - **Diversify perspectives:** Consider adjacent industry talent (energy, renewables, infrastructure tech).

- Boards often **unintentionally reward:**
 - Long tenure
 - Technical depth
 - Regulatory caution
- While **undervaluing:**
 - Enterprise leadership
 - Digital fluency
 - Change management



Business Readiness for Executive Succession Planning

How Prepared is Your Company Now?

Starting Point

More Prepared

Fully Prepared

A “Sudden Loss of Leadership” Plan in existence (interim identified)

A handful or less of internal candidates deemed ready within 2-3 years

Board aligned on the profile of future C-Suite leaders, with that profile used for assessment & development

Intensive, rigorous development of first- & second-generation C-Suite role candidates

Board has in-depth, first-hand knowledge of internal candidates

Market mapping of potential external candidates, evaluated against internal candidates



How Prepared is Your Company Now for Succession?

1. Fully Prepared
2. More Prepared
3. Starting Point

Connecting Leadership Development, Succession and Compensation



- + Link elements of pay to leadership capability development, not just financial results.
- + Encourage key executives to complete development plans and coaching.
- + Use compensation design to: reinforce leadership pipeline building, reward succession readiness, signal commitment to long-term organizational stewardship.





+ **Leadership risk is asymmetric**

– A failed CEO transition doesn't just hurt earnings, it can disrupt regulator confidence, rate recovery, and community trust.

+ **Time horizons don't align**

– CEOs are evaluated annually; infrastructure and human capital pay off over decades.

+ **“Safe” leaders are over-rewarded**

– Compensation systems often reinforce operational conservatism, unintentionally discouraging development of next-gen leaders with broader capabilities.

+ Well designed executive compensation programs help to solve these problems by aligning incentives with long-term leadership stewardship, not just short-term operational stability.

+ **However, we need to Pay for Organizational Strength, Not Just Individual Performance**

– Building a credible successor bench is a CEO performance outcome.

– That doesn't mean paying for naming a successor, it means rewarding the *conditions* that make succession viable.



Practical Levers

+ Annual Incentives (STI): Reinforce Leadership Behaviors

- Include modest (10–20%) weighting for leadership and organizational effectiveness
- Use qualitative but structured assessments rather than formulaic metrics
- Depth and readiness of operational leadership bench
- Retention of critical technical and regulatory talent
- Cross-functional development (engineering → regulatory → enterprise leadership)

+ Why it works

- Keeps leadership development “in the room” during annual performance discussions
- Avoids over engineering metrics regulators or stakeholders may question

Long-Term Incentives (LTI): Reward Succession Outcomes Over Time

- + Multi-year LTI plans that include a strategic modifier tied to:
 - Demonstrated internal successor readiness
 - Successful transitions into key roles (COO, EVP Ops, CFO)
 - Leadership stability during periods of transformation (digital, M&A, climate events)
- + Succession should affect vesting or payout calibration, not be a standalone metric
 - This keeps incentives defensible and governance sound



Does your current CEO pay support succession?

1. Yes
2. No



Succession is a process, not a tournament.

- + Compensation should reinforce:
 - sustained performance,
 - enterprise leadership behaviors, and
 - long-term commitment,
- + Without turning the CEO role into a binary prize.



Do you have at least one internal CEO successor identified?

1. Yes
2. No



Base Pay: Signal Enterprise Role Expansion

- + For credible successors:
 - Base salary should reflect scope expansion, not title inflation
 - Increases should be tied to:
 - cross-functional responsibility,
 - regulatory exposure,
 - external visibility with Boards and regulators
- + This signals seriousness without pre-selecting a winner.

Annual Incentives (STI): Reward Leadership Behaviors

- + Avoid CEO-shadow metrics:
 - Same financial metrics as peers (preserves fairness), with differentiation through:
 - leadership effectiveness,
 - team development,
 - crisis performance,
 - cross-enterprise collaboration

Long-Term Incentives (LTI): Retention Without a Crown

- + Grant LTI broadly across the “CEO-capable cohort”
- + Use time-based or performance-based vehicles, not role-contingent awards
- + Avoid LTI tied explicitly to “becoming CEO”
 - Retains critical talent through uncertainty
 - Keeps compensation defensible if leadership outcomes change

What about those who might get passed over?



- + Acknowledge their Contribution
 - Silence is often interpreted as rejection—even when it isn't.
- + Adjust Role, Scope, and Pay Thoughtfully
- + Use Retention Vehicles Selectively and Transparently
 - Consider short-term retention or transition awards, especially if there is not a clear successor for them
- + Don't:
 - Over-differentiate pay too early by crowning a successor prematurely
 - Freeze pay for non-selected candidates, effectively pushing them out
 - Tie incentives explicitly to CEO succession as it may create unhealthy competition)

Paying successors well—*and* treating near-miss candidates thoughtfully—preserves institutional knowledge, regulatory credibility, and public trust.

A Simple, Defensible Framework Boards Can Use

Think in three tiers, not winners and losers

1. CEO-Ready Now / Soon

- + Enterprise scope
- + Enhanced LTI
- + Visibility and development focus

2. Critical Enterprise Leaders

- + Competitive pay
- + Retention-oriented LTI
- + Clear long-term roles

3. Future Pipeline

- + Developmental incentives
- + Skill-based progression
- + Long-term engagement

This structure supports succession *without destabilizing the organization.*



Structuring for Legacy and Longevity

“Leadership transitions succeed when compensation design reflects shared values, performance accountability, and strategic foresight.

Compensation can become not only a retention tool, but a cultural bridge.

Thoughtful pay design builds trust that spans generations.”





1. Are we preparing a *leader*, or protecting a *model*?
2. Does our pay program reward operational success **or** organizational resilience?
3. Would regulators, shareholders, and communities trust our next CEO on day one?



Q&A

Please submit your questions in the Q&A box below.

© NACD 2026. All rights reserved. | Empowering Directors. Transforming Boards.





Don't Miss Our Next Webinar on July 21st

Stay tuned for more details and check out the archives of earlier webinars in this series at www.nacdonline.org/webinars