In 2004, McDonalds Corporation had an extremely high rate of turnover at the CEO position during an eight-month period. Between April through November, the company had three CEOs. The changes at the top were not needed because of poor sales performance, controversy, or early retirement; it was due to personal tragedy. In April 2004, McDonalds CEO Jim Cantalupo passed away just before the International Owner and Operator convention in Orlando, Florida at age 60 due to a major heart attack. After Mr. Cantalupo's tragic death, Charlie Bell who was president of McDonalds during that time took over. However, shortly afterwards, Charlie Bell was diagnosed with colon cancer and had to step down in November the same year. That is when Jim Skinner became CEO until 2012.

So how did McDonalds get through these trying times? Did the corporation suffer loss of revenue? Not even close. During that year, McDonalds revenue increased 11% to a record high of 19 billion dollars according to the McDonalds 2004 Financial Report. They were able to continue to thrive because the corporation had CEO succession plan.

A CEO succession plan prepares the corporation for the eventual departure, planned or unplanned of the CEO (Steve Trautman Co. 2022). This plan mitigates the risk of losing the top leader and the decline in performance of the corporation. Unfortunately, CEO turnover has been a common theme, just in a

two-month period alone in 2022, there was a 17% increase in CEO turnover between August and September according to a report by Challenger, Gray & Christmas.

The high number of CEO departures due to death, illness, lifestyle changes, early retirements, or other reasons suggest the importance of having a CEO succession plan.

One of the most important tasks of the Board of Directors and the Chief Human Resource Officer (CHRO) is to have a successful CEO succession plan. Without the plan, it is more than likely the wrong person is going to be hired. Having the wrong person at the top will make the company suffer. Selecting the right candidate is going to take time and extensive research. The board and the CHRO should not be afraid to "test" these leaders with ideas such as cross functional and cross geographical moves to make sure that the prospective CEOs are adaptive to different industries at various locations.

Organizations need to have strong leadership; however, boards are far too often unprepared. Why is that? For one thing, the current CEOs may think that the board is looking to replace them even though he/she may be doing a great job. Even if the business is struggling, the board would rather have the CEO concentrate on how to make things better than worrying about if they are going to be replaced.

So how does the board of directors and the CHRO come up with a successful plan?

According to the article by the Harvard Law School Forum on Corporate Governance, (Moates & DeNicola, 2021) there are several characteristics to consider for creating a succession plan.

1. There should be an agreement on the skills, experience, and personal traits the new CEO needs to execute the organization’s current and future strategy.
2. The Board of Directors is responsible for the execution of the plan.
3. The plan has a timeline and when it should be reviewed.
4. There is a well-defined emergency succession plan.
5. The current CEO is fully engaged with the succession plan to include identify potential successors. A strong pipeline program is essential.
6. The onboarding program should be more than just throwing the keys to the new leader and say, “here you go, it is your show now.” There should be an onboarding program that will set up the incoming leader for success to include bringing them up-to-speed on company’s goals, strategy, and company culture. The board of directors need to invest time and guide the new CEO, A good plan should involve all C-Suite executives and the board of directors.

With a successful CEO succession plan, the chances of getting a CEO who can lead the company into a bright future increase tremendously. However, if done wrong, then the company will suffer,

shareholders, stakeholders, and especially the board of directors, do not want that (Moates & DeNicola, 2021).