

### **No CEO succession plans at most of Indian business groups: Report**

One key factor for the vulnerability of family owned businesses in India after the retirement or death of their leaders is the lack of succession planning. Businesses that have undergone turmoil because of poor succession planning include prominent groups such as Reliance, Bajaj, Birla and Ranbaxy. A recent survey by Bain & Company, a US based management consulting firm, has reported that over 75 percent of the company boards in India do not even discuss the issue of CEO succession planning. This is in contrast to the top US companies, where more than 60 percent of boards discuss succession planning at least once a year, while 80 percent of those companies have succession plans ready in case of an emergency. Of the 44 top Indian firms surveyed in the study, only one in five board members was ever involved in discussions regarding the succession, with hardly any effort at the board level to groom future leadership. Family business members were uncomfortable to discuss issues like death and delayed the succession process to avoid potential family conflicts. In some cases, the incumbent leaders were finding it difficult to let go of their control. Interestingly, the publication of this survey coincides with Tata group's formal announcement for setting up of a five-member panel to find the successor for its chief Ratan Tata. Hope others will follow their lead, and the trend will reverse in the coming years.

Source: The Economic Times , August 8, 2010