



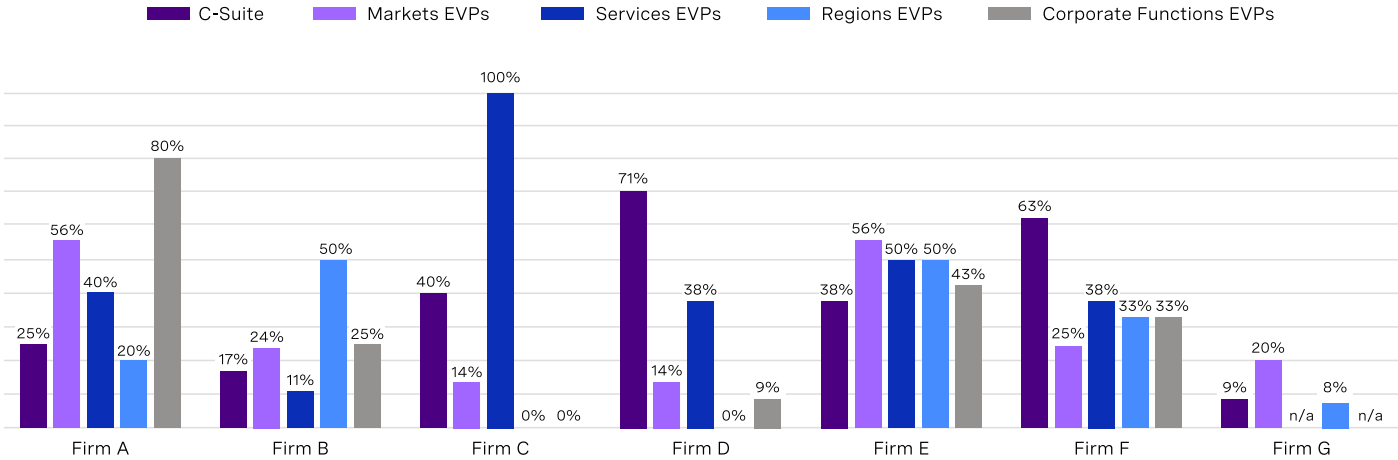
# Why Engineering Services Firms Need Effective Succession Planning More Than Ever

# As the availability of engineering services leaders with the right experience disproportionately shrinks, succession planning has become increasingly difficult—and important—within the industry.

To better understand the market dynamics underlying this challenge, Russell Reynolds Associates analyzed over 200 executive committee members (ExCo), executive vice presidents (EVPs), and functional leaders within seven of the largest global engineering services firms, which collectively represented over \$60 billion in revenue in 2023. Of the executives analyzed, approximately 35% of ExCo members, and 30% of EVPs were estimated to be at least 60 years old in 2024 (Figure 1).

This suggests that turnover within engineering services’ already tight talent landscape could increase within its senior executive ranks. At the same time, the eligible pool of executive talent will continue to shrink. As firms prepare for this, succession planning is key and shortfalls may [create or increase strategic risks](#), amplifying the negative impact of unexpected departures, upending organizational strategy, and resulting in a leadership bench lacking depth and experience.

**Figure 1: Proportion (%) of executives at select engineering services firms who are at least 60 years old**



Source: Russell Reynolds Associates analysis of select engineering services firms’ leadership teams, n=242 executives

### Note

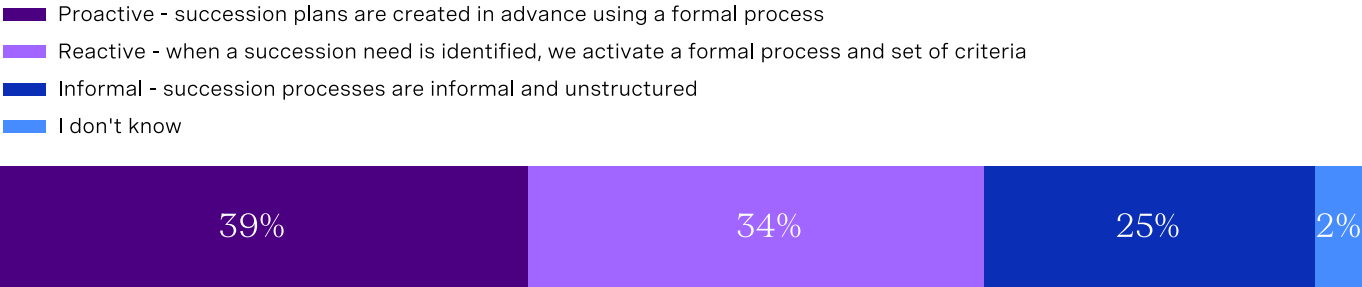
- EVPs were interpreted as “N-1” senior executives overseeing a market, service, region or corporate function, and are deemed by virtue of their title to have C-suite step-up potential.
- Global heads or leads of a market, service or region with SVP titles were taken as EVPs.
- Markets: Transportation, Water, Buildings and Places, Energy, etc.
- Services: Engineering, Design, Program Management, Construction Management, etc.
- Regions: Heads of regions or larger countries, e.g., Americas, EMEA, US, Canada. etc.
- Corporate Functions: Communications, strategy, marketing, IT, etc. (For corporate function EVPs, the list is not necessarily representative, as the research was primarily focused on business functions).



## Despite the importance of succession planning, construction, engineering and infrastructure leaders lack confidence in their organizations’ approach

When Russell Reynolds Associates asked construction, engineering and infrastructure executives about their organization’s leadership succession practices via our [H1 2024 Global Leadership Monitor](#), only 39% of these leaders described their organization as being proactive in its succession planning (Figure 2). This highlights a substantial gap in the succession planning diligence of many firms within the sector. As competition for senior executive talent intensifies, a reactive approach to succession planning may result in leadership gaps or hasty hiring decisions which can disrupt operations, hinder strategic continuity and create misalignment between leadership capabilities and evolving market demands.

**Figure 2: Succession planning sophistication in construction, engineering & infrastructure**



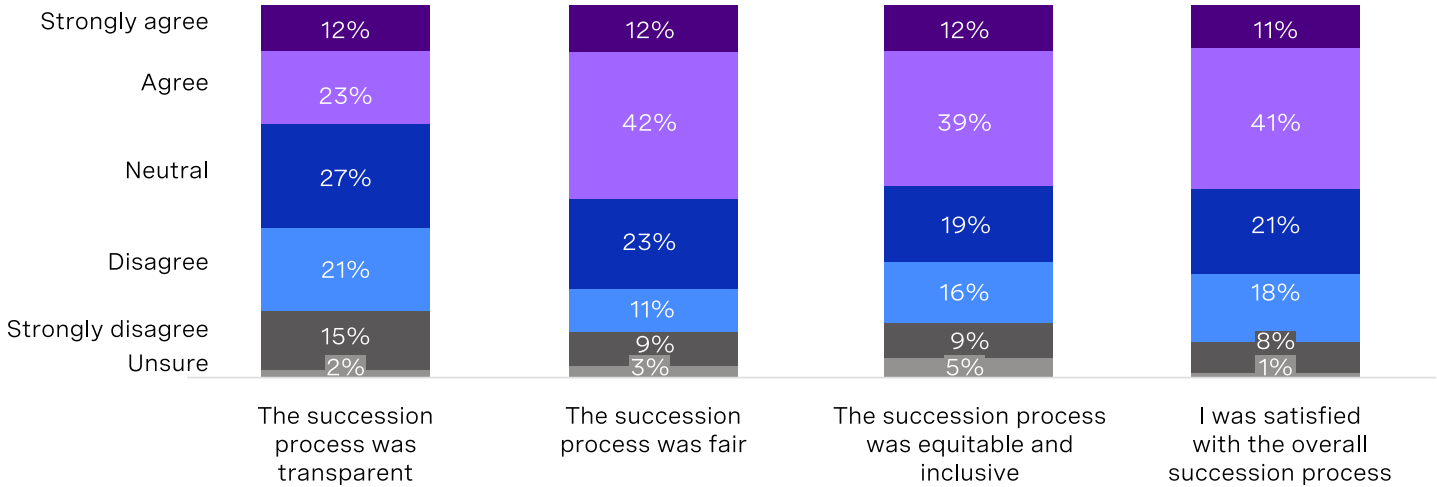
Source: Russell Reynolds Associates H1 2024 Global Leadership Monitor, n = 273 construction, engineering and broader infrastructure leaders

And of the C-suite and next generation leaders who had been through a succession experience, only 35% felt the process was transparent (Figure 3). This lack of visibility into succession processes is consequential for managing the risk of next generation leaders, as those who struggle to see a future path in their organization are more likely to seek external opportunities.



**Figure 3: Succession practices within construction, engineering & infrastructure**

% of leaders answering "Thinking about your most recent succession experience, to what extent do you agree or disagree with the following statements?" (Among C-level and next gen leaders who have been through a succession process)



Source: Russell Reynolds Associates H1 2024 Global Leadership Monitor, n = 103 construction, engineering and broader infrastructure leaders





## Engineering services firms that develop a proactive, robust, and iterative succession plan have a distinct talent—and business—advantage

Proactive engineering services firms are already engaged in several of the following succession strategies.

### Internally, they are:

- Implementing **defensive retention strategies**. These strategies can take many forms, such as retention remuneration or career development opportunities, but may not be permanent stand-alone solutions.
- Focusing on **enabling success (not just selecting successors)**. By investing in the design of structured executive talent development initiatives, these firms are elevating the managerial and business leadership abilities of promising leaders. This includes assessment, coaching, and rigorous development planning for potential succession candidates.
- Ensuring that **succession plans are iterative**. It is essential for organizations to establish regular rolling reviews to consider developments and new talent, as well as the changing external environment.

### Externally, they are:

- Analyzing the **availability of external talent and benchmarking internal talent** against them. This is especially pertinent for firms that don't have a strong succession bench and are facing pressures to rapidly increase their leadership options.
- **Considering strong talent from adjacent industries**. While unusual for the engineering services industry and complicated by the industry's lack of proven success in integrating outside talent, this strategy will continue to be relevant.
- **Developing a pipeline of external prospective candidates** and making ongoing introductions, unrelated to an active mandate or urgent succession need. In addition, making sure that the firm's culture is attractive and well-known to external executives.
- Quickly **assessing senior executives of acquired companies** for competencies, fit and potential for leadership roles.

Engineering services firms who adopt these proactive succession strategies will be poised for success, even during periods of increased leadership turnover and intensified competition for talent.



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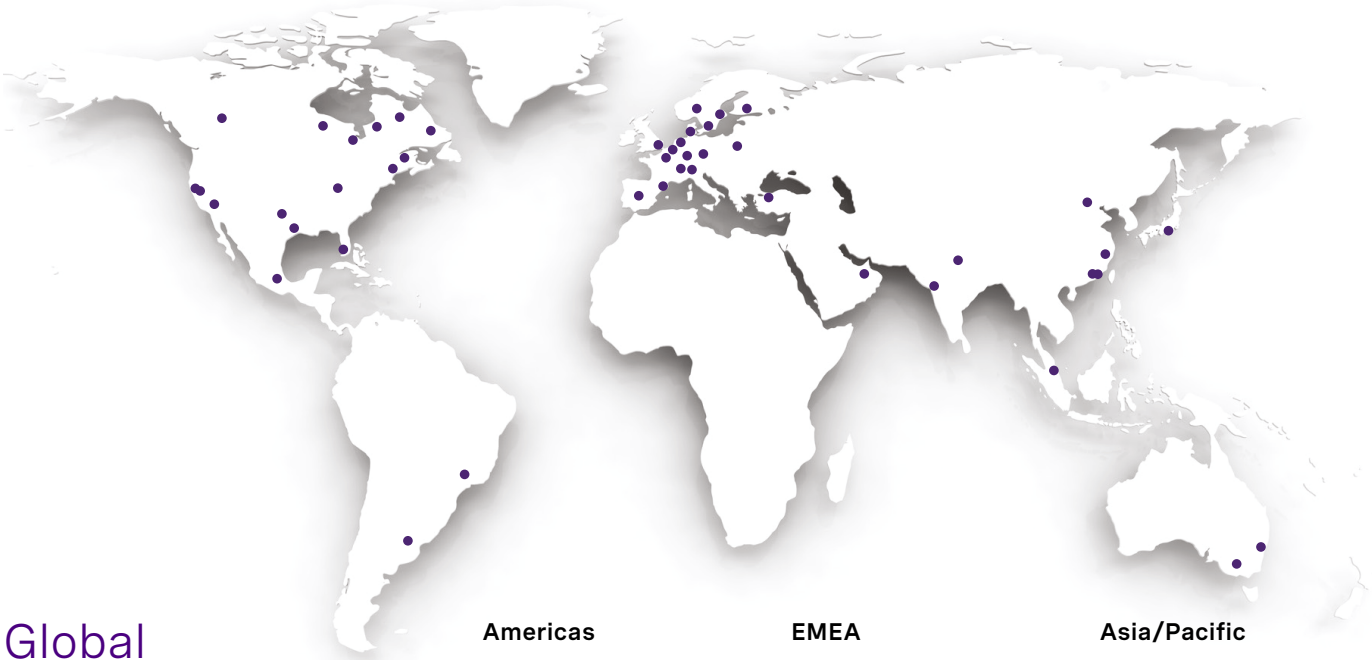
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# About Russell Reynolds Associates

Russell Reynolds Associates is a global leadership advisory firm. Our 500+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led

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