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Chief Executive Succession

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Goals of this Session

- ◆ To inform
- ◆ To inspire
- ◆ To challenge





Our Questions for You

- ◆ Who is responsible for Chief Executive succession?
- ◆ In a 'business as usual' setting, how many hours per year should you devote to Chief Executive succession?
- ◆ How many potential Chief Executives should a board meet with each year?



Chief Executive Succession is not just a “Search”

- ◆ In some cases it may not involve a search at all
- ◆ Where it does, it should not be a “panic buy”
 - ◆ Regardless of circumstances, prior thinking and planning is required
- ◆ Must consider:
 - ◆ Developing your best leaders to be “ready”
 - ◆ Ensuring you know who is “out there”
 - ◆ Having a view/taking control of when the incumbent Chief Executive leaves



Why do some Boards avoid Chief Executive Succession?

- ◆ It is hard!!
- ◆ Lack focus, time or experience
- ◆ Believe a search is the best way to solve an immediate problem (without further effort, or prior planning and thinking)
- ◆ Chief Executive dominates the Board

Why is Chief Executive Succession so Important?

“Most important decision a Board will ever make”

Cost of getting it wrong is huge

Who is Your Next Chief Executive?

- ◆ Does your organisation have a view about how to answer this question?
- ◆ Business Continuity Planning analogy
- ◆ Importance of having a dynamic plan
- ◆ The time to start is now!

Alignment to the strategic context

- ◆ Before “who?”, think “for what, when and how?”
- ◆ The key capabilities required of the next CEO must align with the strategic direction of the company
 - ◆ Skills
 - ◆ Experience
 - ◆ Knowledge
 - ◆ Personal attributes
- ◆ “Cultural fit” vs “Cultural add”





Example of a CEO requirements matrix , partially completed

Action area	Skills	Experience	Knowledge
Build a high performing executive team	Coaching Performance development Leading purposeful meetings Managing out poor performing leaders	Track record in leading the development of a high performing team Experience working in an organisation that 'knows what good looks like' Experience in leading an organisation in collaboration with the board.	Coaching frameworks Understands the role of the board of directors and the role of the CHRO in assisting in team development
Further action areas...	etc	etc	etc

Personal attributes: Obsessed with customer service, dedicated to the well-being of the frontline workforce, etc.



Forming a View of the Current Chief Executive

- ◆ Canvas widely and regularly
- ◆ Agree a view
- ◆ Ensure diverse opinions are encouraged
- ◆ Don't deify your CEO - No leaders are perfect

Why Bother with Internal Succession?

- ◆ Yes, this question does come up!
- ◆ Statistics make the case:
 - ◆ 80% internally appointed succeed
 - ◆ 60% externally appointed succeed
- ◆ Scale is an issue. Many of our businesses are “challenged” to have enough talent able to step up.



Internal Succession – Getting this Right

- ◆ Succession development vs succession planning.
- ◆ Care with timing!
- ◆ Care with communication!
- ◆ Commonly done with external advisor

Getting External Succession Right

- ◆ Most commonly use a search firm.
- ◆ Alignment of board members on the strategy context and search brief is vital.
- ◆ Challenge on diversity

The Chief Executive Succession Committee

- ◆ This could be the whole Board or the Remuneration Committee.
- ◆ Get close to the business, its people, culture and so on.
- ◆ Must have the time.

What is The Role of The Chief Human Resources Officer?



TRUSTED ADVISOR TO THE BOARD.



MUST BE COMFORTABLE SERVING
MULTIPLE MASTERS - A VERY TRICKY
JOB.



SHOULD TAKE CONTROL OF
SUCCESSION PROCESSES, WHILST
BOARD MAKE THE DECISIONS.

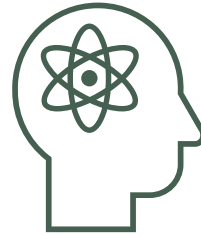
Executive Search

- ◆ If the Board is not happy with the choice internally, then search has an important role
- ◆ Quality vs speed, engage early
- ◆ Off-limits
- ◆ Internal candidates - treat with care
- ◆ Diversity

On - Boarding



Handover with former
Chief Executive?



Coaching?



Mentoring?



In Summary

- ◆ Have a plan
- ◆ Strategy forms the context
- ◆ Devote the time
- ◆ Use the expertise around you e.g. CHRO, ensure all know the role they are playing
- ◆ Get the balance right between internal development and external talent mapping
- ◆ Make it a priority

Thank You!