



Successful Successions

BY SARAH LINNEY

AS EXECUTIVES CHANGE JOBS AND RETIRE, MANY COMPANIES ARE STRUGGLING TO MAINTAIN THE MOMENTUM AND DRIVE OF THEIR PREVIOUS LEADER. EXPERTS ARE URGING BUSINESSES TO IMPLEMENT SMOOTH AND STRONG SUCCESSIONS.





Pulitzer Prize-winning writer Walter Lippmann once said, "The final test of a leader is that he leaves behind him, in other men, the conviction and the will to carry on."

The succession and handover of power within an organisation often determines the lasting legacy of a chief executive officer. The individual chosen as a replacement will be responsible for any projects or plans that the previous leader set in motion. To ensure continual growth and success for the company, executives should carefully undertake a thorough and extensive succession program.

Director of Maximus International Brent Duffy helps clients from a range of sectors plan smooth successions. He is responsible for leading the consulting team and working in partnership with Maximus clients across Australia, New Zealand, Asia and South Africa.

Nicholas Conigrave is a Hay Group director in the Business Solutions Team for the Pacific region, and helps organisations develop and implement solutions to deliver improved performance from leaders and employees. *The CEO Magazine* spoke to Brent and Nicholas about how to implement successful successions.

***The CEO Magazine:* How do you help companies with succession planning?**

Brent: Maximus looks at succession planning from two perspectives: critical people and critical roles. We have assisted organisations such as 3M, NIB, Eli Lilly, AMP and Caltex to identify the roles that are critical to organisational strategy, growth and operations. Often these critical roles are the executive positions. However, it is not as simple as just identifying the 'top team'. It is necessary to assess and agree upon the critical roles across the full breadth of the organisation. The individuals who are placed in these roles need to be assessed on tenure within the organisation and their flight risk: how likely it is they will leave the organisation.

Nicholas: Hay Group has been working with companies managing leadership change for over 40 years. We help prepare businesses for the task of finding a new captain to take the helm in a variety of ways.

We make sure the company knows what they want the new leader to deliver, and we ensure the board is aligned and able to clearly articulate future strategy. Selecting the right CEO is perhaps the most critical decision a board will make. To ensure an effective transition, the board must be totally aligned in terms of the strategy for the company, both in specific details and areas of emphasis.

***The CEO Magazine:* What advice would you give to leaders who are leaving or retiring from their current company?**

Brent: We have advised companies such as ANSTO, Deutsche Bank and Marsh on succession planning. What I've learnt is that if a senior leader is proactively seeking to leave or retire, there are a number of aspects to consider.

Obviously, it's important to identify a suitable successor. However, some leaders fall into the trap of picking someone like them, or someone they like. It is crucial to look at the business strategy for the coming years and choose a successor who is aligned to the business goals and objectives. Different leadership qualities are required during different cycles.

Leaders must also provide the time and space for their successor to 'prove' themselves. This may require a transition period in which the leader reallocates responsibilities and accountabilities. Communication and planning is vital to this transition as they help the successor to build up credibility and impact among peers or other senior leaders within the organisation.

It's also crucial that the leader takes a step back from the limelight. This may conflict with motivation or ego for some, but it is essential that the leader provides the environment for the successor to have an impact.

***The CEO Magazine:* How can leaders choose the best successor for their business?**

Brent: First, it is vital to align the role to the future, along with the strategic goals and objectives of the organisation. Decide and be clear on the key capabilities and skills that would be required for the role before you start thinking of 'who' may fit the role. Finally, once the role has been defined, start to objectively assess individuals against the position in conjunction with carefully considering their current performance and future potential. ➔



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Nicholas: When undergoing the process of succession planning, it is essential to evaluate a company's current pool of talent, as it is possible that the most suitable next leader could already be within their own ranks. If a company's pool of internal talent is quite small or undeveloped, it may be a good opportunity to evaluate what leadership development programs, such as mentoring or training, are needed and what specific leadership qualities should be encouraged within the organisation. It is also important to consider those from the outside, because by evaluating external talent, companies will be able to benchmark the skills and capabilities that they already have internally.

The CEO Magazine: How can leaders pass on their goals and strategies to their successor?

Brent: The leader needs to understand and appreciate that the successor will not do things exactly the way they have; they will want to make their own mark. However, it's very important that both the successor and the current leader come to an agreed alignment on the organisation's goals and strategies.

Nicholas: I don't think that they should; that's the board's role. Also, every leader is unique and leads in their own way, so it is not appropriate to try to fit the old strategies to a different person. Leaders should build the organisational capacity to continue their legacy and hand over the reins in an effective way, without rushing the process.

The CEO Magazine: What advice would you give to someone stepping into the leader's role? How can they make the process as clean and efficient as possible?

Brent: The most successful figures I've advised have been very well planned for the first 100 days. Remember that quick wins really do count. People will be acutely aware of how you engage with them, the decisions you make, and the communications you send out, as well as where and how you spend your time. Within the first six months, the new leader will need to be visibly making decisions about the organisation.

Nicholas: My advice would be to get stuck into the role and get your hands dirty. Fully immerse yourself in the organisation, ask a lot of questions, and build your credibility to a point where you can lead effectively. It's a good idea to suspend judgement and not commit to a certain direction until you have fully grasped exactly what is going on, which can take a few months. This is classically seen in the first 90 days, when the new CEO is given the space to get his or her feet under the desk.

Additionally, if it is your first time in the role of CEO, it is a good idea to start building a strong CEO network. The role of CEO is often described as the loneliest role in an organisation because you have no other 'equals'. A strong peer network is a great way to gain support and counsel as you take on new challenges.



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The CEO Magazine: How can the successor ensure that they get staff on board and continue to steer the company in the right direction?

Brent: Successors should try to create momentum early, as well as generate interest and passion for a change within the organisation. People will be looking to the new leader to create energy and take the organisation forward. Build relationships and connections with co-workers. This may be as prescriptive as creating a stakeholder 'heat map' and outlining all key stakeholders, including the board, customers, competitors, direct reports, and external advisers. Ensure you have the support to execute your vision and keep momentum.

The CEO Magazine: What advice would you give to a successor who is struggling to lead after a beloved leader departs?

Brent: When you have big shoes to fill, it is necessary to build your own credibility. You need to be able to make the unpopular decisions and work on strategic alignment. A great successor reduces the complexity and ambiguity for others. To do this, you should demand high levels of performance from yourself and others.

Nicholas: Honour the past. Don't fall into the trap of blaming others for whatever problems you are faced with; instead, focus on offering the people in the organisation a compelling reason to evolve.

The CEO Magazine: Do you think succession methods will change in coming years, and, if so, how can executives prepare?

Nicholas: Succession planning is certainly evolving and becoming more critical as people realise that mismanagement at this stage can result in dire outcomes for a company. Operating less than optimally for just six months during a changeover period can have a huge impact and ultimately derail a business. Analysts are beginning to realise just how critical the role of a CEO is, and the effect that confidence in leaders has on company shares. •