

Succession – beyond planning

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The successor to the top job has more to do than merely move offices, says Philip Beddows



Succession is not complete when a senior executive moves into a new boardroom role. The succession planning phase may well be over, but it is important not to fall into the trap of believing that the finish line has been crossed, instead one has to think in terms of arrival at the blocks ready to run the race. But before one gets to that stage, the critical issue is whether the selection has been well made, with a multiplicity of factors all considered and weighed together in order to result in the best possible decision.

A talented individual cannot be selected for a role without consideration of factors such as how their selection will impact on the dynamics of the board and whether they are the right person for that role, in that particular organisation, at that particular point in time. Like a thoroughbred racehorse, the corporate athlete must be primed for that particular race, pitched appropriately against the opposition of the day and run on a track that best suits them. Like world class athletes, there are countless examples of brilliantly talented CEOs who are clear favourites to succeed and who may enjoy early successes in the race they are running and yet are subsequently seen to fail at a later stage, and in some cases very soon after taking on a new role.

The reasons for failure can be many; for example, failure to use the appropriate executive search firm, lack of detailed due diligence and assessment and the challenge of transition and assimilation into the role. Soon after arrival a new CEO may be faced with an unexpected PR challenge, a sharp change of fortunes in a particular division, abrupt changes to the board resulting from resignation or illness, a bid from a private equity consortium, disquiet from institutional investors, a change in economic outlook that sees share prices falling across the market. These are the equivalent of Harold Macmillan's famous 'events, dear boy, events' that can throw even the best CEOs. Promoting an individual is not an exercise that can be completed in isolation – they have to be judged in the context of the team that they may lead, and the forward strategy of the company. If an internal candidate is likely, then it can be advisable to involve the services of a headhunter to benchmark that person against their peers in the market to identify any skills or suitability gaps and to ensure that a better candidate may not be sourced elsewhere. Succession by an internal candidate may seem to be a better option, but the internal candidate has similar challenges to a lateral hire and some that are unique. They have a brand and profile that has already been established.

Whatever the mood-music heralding the succession, a new home-grown CEO will inevitably wish to mark themselves out from their predecessor. No one likes to be thought of as anyone's clone, and that means that there will be some disappointed people who will suffer from the presumption of old friendships, behind which deficiencies may be hidden or ignored. CEOs are not appointed to build friendships, they are there to lead effective and market-beating boards in order to deliver

shareholder value. For new executive board members there is no honeymoon period. Early delivery against objectives will help cement their succession, and positive external commentary will assist in raising confidence within as well as outside the organisation. Ironically, the arrival of a new CEO, whether internal or not, inevitably creates fresh succession requirements. Another internal contender for the role may be disappointed and their subsequent, almost inevitable, move to another company introduces the new leader to their first succession planning challenge and will set off a series of other moves in and close to the boardroom.

Philip is a Partner at IDDAS, an experienced-based mentoring coaching and advisory firm. He has over 15 years experience within the career mentoring arena, joining the UK's premier firm Pauline Hyde in the early 1990's, and through a series of acquisitions and MBOs he has worked with several notable firms including Coutts, Baines Gwinner and Whitehead Mann. BG Careers which he co-founded in 1998, under his management became one of the leading boutiques of its type in the City. His primary focus has been within financial and professional services, where he has developed an enviable reputation as a leading exponent in his field, advising partners in professional services firms and financial services executives on transitions in their careers.

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