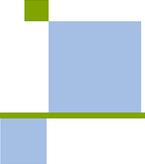


**Pearl Meyer**

**Succession Case 2**  
**“Holding it Too Close to the Vest”**

Corporate Director  
CEO Succession Session  
Case Materials/Handouts



## Case 2: “Holding it Too Close to the Vest”

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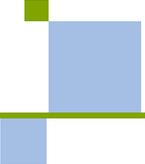
- The Tritech corporation, a publicly held, \$12B manufacturing firm, has been making adhesive materials for over 87 years. It has been a strong and relatively stable organization and has grown through acquisitions over the past 10 years, from \$1.2B to over \$12B in annual revenue, thanks to a strong management team and a solid operations focused **CEO/Chair, Marge Butters**.
- Recently, there has been a need for consolidation and redirection of strategy due to disruptive competition in the sector, specifically based on new AI technology/innovation applications to the manufacturing process. Tritech is in the process of transformation to address the shifting competitive tides but has little experience with major transformation and it is unclear whether or not they have the right leadership talent to lead through future turbulent waters.
- The board of directors appreciates the strengths of the current management team and overall strong performance of the organization, but they see a potential shift in leadership requirements for the future.
- The current CEO/Chair and her **CHRO, Martin Blasedale**, have consistently shared high level succession plans, but there has been little detail on how talent is being prepared for the future and whether or not the profiles for the future CEO and other executive roles have been updated to reflect current realities.
- **The Lead Director, Martin James**, has asked for an update on the CEO succession process. The Nominating and Governance committee charter covers CEO and executive succession and talent development. The **Nominating and Governance committee chair, Juan Garcia**, has decided along with his committee that they need to redirect the CEO succession and talent development efforts.

# Case 1 Table Instructions

Activity	Timing	Details
1. Case review Individually	5 minutes	<ul style="list-style-type: none"><li>Consider the situation you have been faced with as a board of directors, comp committee chair, etc.</li></ul> <ol style="list-style-type: none"><li>What's the problem/opportunity to be addressed?</li><li>How would you handle the situation to begin to address the problem/opportunity at hand?</li></ol>
2. Total table discussion	10 minutes	Questions to discuss: <ol style="list-style-type: none"><li>Agree on issues/opportunities to be addressed. Have you ever encountered a similar situation?</li><li>What can the board/Nom/Gov chair, Lead Director and others do to address this situation?</li><li>What needs to happen to ensure success of this CEO succession process?</li><li>What are the two most important take aways or learnings from this discussion?</li></ol>
3. Prepare to share case with broader group	5 mins	<ol style="list-style-type: none"><li>Be prepared to share your thoughts on this case and top two take aways in the broader session.</li></ol>



# Succession Process Helpful Tips



# Executive Succession and Development Overview

The most important task of a board of directors is to choose the next CEO. It is important to have a well-planned CEO and executive succession process to ensure the effective identification and development of executive leaders for the future. The process is jointly owned by the CEO and board and involves the top three levels of leadership in the organization.

## **Key Factors to Consider:**

1. Start succession process at least 3-5 years or more prior to CEO retirement (many don't and wish they had)
2. Define the strategic context for the future...what kind of organization will it need to be going forward? Clarify the CEO and executive team roles and the most important leadership capabilities needed to ensure organization success in the future
3. Identify, assess, and develop internal candidates for the CEO and executive team roles as well as look outside for potential candidates over a 5+ year timeframe
4. Engage the board in the process to keep them aligned, involved, and engaged, making it a process of "guided discovery and planned transition"
5. Ensure there are sufficient internal and external candidates from which to consider to avoid being captive to any one candidate
6. New CEO to begin tenure; ensure graceful exit of existing CEO

# Stages in CEO/Executive Succession: A Multi-Year Transition

## Years 0 through 3

### Stage 1: Preparation

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Establish leadership criteria and share overall succession process with board	Identify internal candidates	Evaluate candidate capabilities	Create initial development plans for internal candidates	Increase board interaction with candidates	Begin search for external candidates – if required, and identify search support

## Years 4 and 5

### Stage 2: Focus

### Stage 3: Selection

### Stage 4: Transition

Step 7	Step 8	Step 9	Step 10	Step 11	Step 12
Narrow internal focus on top 2-3 candidates (internal/external); involve board in selection	Plan for contingencies/retention/Departures; update leadership criteria	Further development of top 2-3 candidates	If external search is sole focus, ensure 18-month transition post selection	Make the final decision; CEO coaches successor prior to assuming role	Introduce successor, enable successful transition and leave with grace

# Succession Tips for Boards

## **Dos: Best Practices**

1. Start early and have a process
2. Ensure the Board is appropriately involved for each phase
3. Create a CEO profile – grounded in the business strategy needs for leadership
4. Build a diverse pipeline, going deeper
5. Don't forget to manage the transition

## **Don'ts: Common Pitfalls**

1. Treat this like a one-time event
2. Put little time to developing internal candidates
3. Have a CEO stay too long in role
4. Don't run a public horse race
5. Assume internal candidates will stay



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