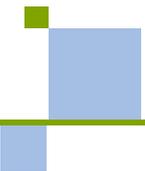


Pearl Meyer

Succession Case 3 **“Letting Go and Gaining Traction”** **(Ensuring Effective Transition)**

Corporate Director
Case Materials/Handouts



Case 3: “Letting Go and Gaining Traction” (Ensuring Effective Transition)

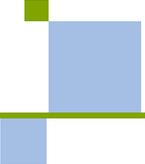
- The very experienced board for B.I.G. company, publicly traded on the NYSE, has successfully selected a new CEO to take over for long-term **CEO David Granger**.
- The **new CEO is to be Vivian James**, a highly inspirational leader and experienced operator who has been with the organization for the past 7 years. Vivian has gone through a two-year process to accelerate her readiness and overall development to be the next CEO.
- There is a practical transition plan created by the **CHRO, Lila Frank**, which is focused on day-to-day tasks of the CEO as it pertains to the internal running of the organization but does not address issues understanding the CEO role as it pertains to working with the board and other external entities.
- Beyond all of this preparation, it is becoming clear to the board that they have a responsibility and a role to play (along with the sitting CEO) in on-boarding this new CEO, ensuring a smooth transition into the role.
- Also, the current CEO, David Granger, has indicated to the **board chair, Chris Fox**, that he would like to be named executive chair for the next 5 years and would like an office in the headquarters building as well as access to the corporate jet.
- The chair of the board has asked the **compensation committee chair, Ralph Clark**, to determine what role the board should play in this onboarding process and also has asked the chair to address how the current CEO will effectively transition to be ex-CEO.

Case 3 Table Instructions

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

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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:

- Start succession process at least 3-5 years or more prior to CEO retirement (many don't and wish they had)
- 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
- 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
- Engage the board in the process to keep them aligned, involved, and engaged, making it a process of "guided discovery and planned transition"
- Ensure there are sufficient internal and external candidates from which to consider to avoid being captive to any one candidate
- 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 and leave with grace; assuming board role

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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