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Succession

Mastering the Make-or-Break Process of Leadership Transition

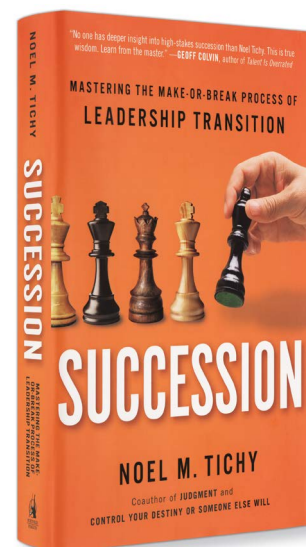
THE SUMMARY IN BRIEF

The decision of who leads an organization into a successful future is by far the most momentous one that directors, CEOs and senior leaders will ever make. The unfortunate reality is that as many as 80 percent of leaders get this high-stakes decision wrong. Noel Tichy, the noted leadership expert, best-selling author and longtime trusted advisor to such leading companies as GE, Intel, Ford and Merck, draws on his experience working closely with CEOs around the world to provide a blueprint for leaders who want to join the elite 20 percent who get it right.

In *Succession*, Tichy reflects on his years working with countless CEOs, Chief Human Resources Officers (CHROs) and boards to provide firsthand accounts of outstanding successes and failures at succession planning and leadership transition. He explains a practical succession framework that can be applied to any organization, whether a multibillion-dollar conglomerate, a family business or a nonprofit. He defines the roles and responsibilities of all the major players: the incumbent CEO, the board, the CHRO and the potential successors, while providing specific tools to help leaders navigate the complexities of developing, selecting and promoting the right people.

IN THIS SUMMARY, YOU WILL LEARN:

- Seven failure factors that lead to unsuccessful CEO successions.
- The proper roles of the CEO, human resources and the board in developing a succession plan.
- Why having to choose an outsider as a new CEO is an unnecessary failure and how to avoid it.



by Noel M. Tichy

CONTENTS

Getting It Wrong: The Broken CEO Succession Pipeline

Page 2

Cultivating Transformational Leaders on the Inside

Page 3

The CEO Role in the Suc- cession Pipeline: The Paradox of Power

Page 4

The Critical Role of Human Resources in CEO Succession

Page 5

The Role of the Board

Page 6

THE COMPLETE SUMMARY: SUCCESSION

by Noel M. Tichy

The author: Noel M. Tichy is the coauthor of *Judgment, Judgment on the Front Line, Control Your Destiny or Someone Else Will* and many other business best-sellers. He is a professor at the Ross School of Business at the University of Michigan and advises CEOs around the world.

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Getting It Wrong: The Broken CEO Succession Pipeline

Every time an organization's board has to reach outside its own ranks for a successor to an incumbent CEO, such a desperate move is an unmistakable sign of a broken leadership pipeline, and in my experience, broken leadership pipelines are the primary root cause of broken companies. Of the many factors to which movement of share prices and long-term performance are widely ascribed, the success or failure of senior leadership to drive internal change and confront external change is the single most important determinant of long-term success.

At virtually every company or organization on the planet, whether run for profit, not-for-profit, public or private, family or shareholder owned, there are two immutable facts about leadership:

1. Leadership matters.
2. Continuity of leadership matters.

How many times have you heard of a winning baseball, football or any high-performing sports team losing a coach or a star quarterback or pitcher without immediately naming a replacement? Yet at most of our largest and most admired companies and at many if not most of our largest and most admired academic and other nonprofit organizations, it is more the rule than the exception that if and when an incumbent leader departs the scene, for any number of predictable or unpredictable reasons, the organization all too frequently finds itself in the awkward predicament of lacking an insider candidate or candidates waiting on deck who are ready, willing, eager and, most important, well prepared to step up into the top job at a moment's notice and succeed.

Many companies do have formal succession plans in place, but that is not really the point. All too often these formal plans are no more than that — empty formalities, technicalities and charade-like check-the-box exercises. When push comes to shove, as it nearly always does, such plans and processes ostensibly designed to ensure an orderly, seamless, nondisruptive CEO succession, absent political infighting, cultural confusion, ambiguity and ambivalence, often break down in practice.

The Technical, Political and Cultural (TPC) Context of CEO Succession

“TPC Theory” applies to the topic of executive transition and CEO succession because one of the primary reasons that organizations fail at this delicate and difficult task is that too many CEOs, boards and Chief Human Resources Officers (CHROs) overly rely on the technical aspects of the process.

I have arrived at three inescapable conclusions regarding CEO succession:

1. Successful CEO succession cannot and should not be conducted in a vacuum. It must be about the journey, not the destination. Above all, it must be the culmination of the long-term development of a robust leadership pipeline, based not just on a technical but a cultural and political system designed to access and promote talent in a disciplined, impartial, objective fashion.

2. There is no perfect, fail-proof process, but a plan is better than no plan.

3. In too many cases where a plan has been formulated, it ends up turning into an empty annual ritual, like the turning of fall leaves. This is more often than not the result of excessive and even obsessive focus by the



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service@summary.com

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Rebecca S. Clement, Publisher; Sarah T. Dayton, Editor in Chief; Amanda Langen, Graphic Designer; Andrew B. Clancy, Executive Editor; Ashleigh Imus, Senior Editor, Kezia Endsley, Contributing Editor

SUMMARY: SUCCESSION

key players on the technical aspects of the process, to the detriment of the political and cultural dimensions.

Defining Success

The essential challenge and therefore measure of success all leaders face today can be distilled down to two intertwined tasks:

1. Increasing the value of the assets they were given control over between the day of their arrival and the day of their departure.
2. Developing and selecting a successor who does the same thing.

The most commonly derived variable expressing this proposition is TRS (total return to shareholders), which, in the context of publicly listed corporations, is relatively easily determined by doing the math on any number of financial websites. Even with nonprofit organizations, it's not hard to come up with surrogates for TRS, including the size of the organization's endowment, the quality of its work, and its success in meeting precisely defined targets and goals defined by its board.

The Failure Factors

Failure Factor #1: SPOTS. This is an acronym for "Succession Plans on Top Shelves." The existence of an inoperable or poorly conceived plan can actually hinder the organic evolution of a genuine process designed to develop the next generation of leaders.

Failure Factor #2: Failing the Beer Truck Test or Not Even Taking It. Companies must invest the significant time, attention and resources required to build up a strong bench of internal talent that could be prepared to replace senior management at a moment's notice, were they to be, for any reason whatsoever, bowled over by the proverbial 18-wheeler.

Failure Factor #3: The Domineering CEO Who Won't Let Go. Microsoft CEO Steve Ballmer's failure to construct and maintain a robust leadership pipeline was largely due, as one commentator put it, to his "larger than life" leadership style, which made it "difficult for [other executives] to really rise up and have a noticeable public role."

Failure Factor #4: Superstar Outsider Bias. The outsider bias is based on a false premise: that a candidate's mere status as an outsider will make it more likely that she or he will inject more of a dose of fresh air into the company's hermetically sealed atmosphere than any insider could. Outsider selections are a sign of defeat and failed leadership, pose enormous risks to the enterprise and cost a ton to boot.

Failure Factor #5: The Halo Effect. Carly Fiorina's selection by HP's board was based to a significant degree on the reputation of the organization she came from, a shockingly popular delusion often referred to as "The Halo Effect." As *Fortune* later revealed, the high-flying stock of Fiorina's then-current company Lucent had been pumped up by phony deals booked as revenue that were being financed by Lucent at artificially low rates.

Failure Factor #6: Assessing CEO Candidates on Traits as Opposed to Experience. The basic problem with this approach is that it elevates the assessment of traits — an inherently squishy conception — above the more rigorous assessment formula based on disciplined "accomplishment analysis." These assessments are so laborious and comprehensive that they are rarely if ever compiled on anyone other than very senior leaders and, often, CEO candidates.

Failure Factor #7: In CEO Succession, Winner Takes All. The bogus reason cited by the HP board members for going outside is worthy of further dissection because it is so frequently cited by CEOs and boards resistant to running a proper CEO succession process: Setting up any sort of succession "horse race," they maintain with a straight face, will lead to fragmentation and competition among the senior team, many if not all of whom will abandon the company the moment a winner is declared, leaving it in a sorry state.

As P&G CEO A.G. Lafley once said, "It's always a horse race — get over it." What should be a nonissue is best handled the way Jack Welch of GE did, by insisting that it be well understood by all contenders that the losers would be gone the day after the winner was picked. In light of this strict ultimatum, at GE Welch took special care to keep all the contenders out of staff jobs at corporate headquarters, where they might have been tempted to spend their time trying to undermine each other, and instead gave them tough line assignments where they ran independent businesses, the performance of which could be assessed independently of one another — may the best man or woman win. It's unnatural to expect losers to stick around and report to the winner. ●

Cultivating Transformational Leaders on the Inside

The development and selection of an organization's next leaders is the single most important decision any organization can make. The responsibility for its conception,

SUMMARY: SUCCESSION

development, implementation and execution must be shared (not necessarily equally) among three pivotal points of organizational power — the CEO, the CHRO and the board of directors or trustees.

Judgments are not, in fact, single-point-in-time events but the outcome of a process that can be divided into three distinct phases: 1. Preparation phase; 2. Call phase; 3. Execution phase.

Apart from being divided into three phases along the temporal dimension, all judgments can be further divided into three distinct domains with regard to their subject matter: 1. Judgments about people (who is on the team or off the team). 2. Judgments about strategy (future direction of the organization). 3. Judgments during periods of crisis (unexpected events that threaten the organization).

All board-level reviews of and deliberations about who should be the next CEO, as well as evaluations of the current CEO, should be explicitly built around the judgment framework. This framework provides a simple but actionable lens through which to examine a leader's past track record of judgments as well as providing a practical guide for incumbent leaders to predict how well a particular leader under consideration may do when under pressure to render key judgments in the future.

Sound CEO succession requires that the board, incumbent CEO and CHRO share a mutually synchronized view of how the organization will achieve success in the future. The succession decision must therefore be focused on selecting the candidate at the top of the pipeline judged to be most able to lead the organization to achieve that precisely defined vision of success. That selection needs, in turn, to be grounded in an explicit framework capable of accurately measuring the capacity of candidates under consideration to internalize knowledge in four areas: Self-Knowledge, Social Network Knowledge, Organizational Knowledge and Contextual Knowledge.

Any sound succession planning process must rigorously assess and evaluate how rising leaders make judgments, achieve success or failure and, most critical of all, their capacity to learn and adjust their strategies in response to changing circumstances. Creating such opportunities requires deliberate planning by the organization's leaders. ●

Getting It Right: Building a Transformational Leadership Pipeline

The most critical political aspect of CEO succession planning is the maintenance of a balance of powers —

complete with real checks and balances — between the three main players in the game: the CEO, the CHRO and the board. The CEO must own and manage the process while not dominating it, undermining it or in any way compromising its integrity, objectivity or impartiality. The board, the CEO and the CHRO must be tightly aligned and must defer to the process, which involves setting aside personal agendas and biases.

Human resources systems and evaluations need to take the reality into account that compensation and promotional and development opportunities must be intrinsically linked to judgment capacity and related specific criteria, including personal integrity, motivational skill and contextual knowledge. My team and I tackle this task by designing action-learning projects that are authentic business challenges, which are ultimately developed into real-life business concepts, tactics and strategies, the success or failure of which counts against their leadership capacity assessment.

Although talent development is primarily an internal operation, the search for a transformational leader, if it is to be truly rigorous, must involve benchmarking internal candidates with viable external competitors.

The Cultural Dimension

The most powerful shaper of culture is the HR department and the systems it employs to appraise, promote and reward performance. These are the systems that must be put into place if you are hoping to override powerful personalities and politics. Building an effective leadership pipeline in today's world demands the cultivation of transformational leaders, who are able to maintain the continuity of the core culture while continuing to hard-drive internal and adapt to external change. ●

The CEO Role in the Succession Pipeline: The Paradox of Power

In July 2011, the board of directors of telecom giant Verizon Communications issued an announcement so widely expected it generated only a passing mention in the press. Ivan Seidenberg would be stepping down as CEO by August 1. The naming of Seidenberg's successor, Lowell McAdam, who had led Verizon Wireless since 2006, came as no great surprise to anyone who had been following the company closely, because about a year before, Verizon's board had issued a detailed public statement confirming the appointment of McAdam as COO and

SUMMARY: SUCCESSION

president of Verizon Communications, the corporate parent, clearly positioning him as Seidenberg's heir apparent.

CEO Succession Rule #1: Great CEO Successions Don't Make Great Copy.

Everything about the Seidenberg-McAdam succession reflected Seidenberg's determination not to "create drama" around the event. An uneventful succession is the clearest indicator of an executive transition's (at least) short-term success.

CEO Succession Rule #2: The CEO Isn't the Only Game in Town.

The transfer of power from one CEO to the next shouldn't be an isolated event, but the culmination of a disciplined, rigorous process that encompasses the multi-year development and positioning of the top team.

CEO Succession Rule #3: Process Is Best Served When the CEO Collaborates with the CHRO and the Board.

The process that brought not just McAdam but the entire new team to the top had been the product of a close long-term collaboration among Seidenberg, the board and CHRO Marc Reed. Seidenberg and Reed spoke with one voice about the pride they both took in collaboratively crafting a process that, though by no means perfect, was meticulously engineered to minimize the technical, cultural and political challenges and disruptions that so often compromise and distort CEO succession sagas.

CEO Succession Rule #4: Go to the Board with a Plan on Your Own; Don't Make the Board Come to You.

This approach puts the CEO ahead of the curve in preparing the future transition. This is a subtle way for the CEO to influence yet not explicitly control the process by setting a timetable, framing the issue, letting the board know it's an important CEO priority. Yet at the same time, it gives the board members a sense that they have been called into the game early, with ample time for them to provide insight.

CEO Succession Rule #5: Acknowledge and Correct Personal Biases

Seidenberg remained firmly convinced that the board would and should ultimately "select someone who knew the industry, had deep vertical knowledge, had great operating experience and understood the premium that goes with our brand." While he wasn't shy about letting that bias be known, it made him all the more determined to give CHRO Reed a definite mandate to maintain a viable slate of external competitors for every key position.

CEO Succession Rule #6: Every Candidate Needs Exposure to the Board

This exposure should be designed to make each director feel confident in their ultimate selection decisions. ●

The Critical Role of Human Resources in CEO Succession

An HR system with integrity forms the foundation for the selection system, the reward and benefits systems, and a development system all linked together. The weakest link is generally appraisal. In the absence of honest, rigorous and impartial appraisal, it is not possible to achieve the required integrity in the reward system because the basis upon which who gets more or less is not seen as fair and therefore does not serve as a motivator of performance but rather as a tool for dysfunctional political manipulation.

For the HR system to support sound succession planning, HR executives must take the lead in designing a system defined by rigorous data and checks and balances. Data is a treasure that only HR possesses. If that data is degraded, the result is GIGO: Garbage In, Garbage Out.

Making HR Strategic in Three Not-So-Easy Steps

Step 1: HR helps business leaders prepare the data for review, just as finance does the same on the business side.

Step 2: HR presides over a rigorous review process reflected in open, honest dialogue. The dialogue is marked by a full and nuanced appreciation of the often subtle interplay between technical, political and cultural elements, with the most important component being the political checks and balances that maintain the system's integrity.

Step 3: Continual review and follow-up.

The Accomplishment Analysis

HR departments that are truly effective and strategic often compile thorough, qualitative portraits of present and high-potential future leaders based on an extensive series of in-depth interviews known as "accomplishment analyses." These typically start out with the leader under consideration for promotion reviewing his or her past accomplishments and aspirations with a series of interviewers initially charged with gathering the subject's own view of their strengths and weaknesses, self-perceived future potential and what they need to do to become better leaders, which will then be compared with how others who've worked with them see them. The HR auditors then interview former managers, customers and/or suppliers, superi-

SUMMARY: SUCCESSION

ors, subordinates and peers, all of which are compiled into an exhaustive assessment often conducted by a certified outside consultant in the field or a certified HR executive from a different business inside the organization. That way, these comprehensive performance reviews and audits remain safely outside that leader's immediate chain of command, a critical check and balance comparable to one that might be implemented in the process of conducting a financial audit of a leader or business unit. Accomplishment analyses serve as a valuable function by providing an impartial narrative.

Precisely because no silver bullet or iron-clad guarantee has ever been found in the arena of leadership development and because the margin of error in assessing human potential is by definition so dramatically wide, the vital importance of creating a mutually reinforcing collage of overlapping and redundant evaluation, assessment and development systems cannot be overstated. At GE, leaders at all levels grow accustomed to rigorous, overlapping and deliberately redundant assessment processes, matrices, benchmarks, yardsticks and models.

Crafting Crucible or Stretch Assignments

HR must be the CEO's partner on this most critical of developmental challenges. There's a business side to this equation, but there's also a people piece. Designing the organizational structure is a key part of the succession planning discussion, in the later stages of the game.

In the last phases of the CEO succession horse race, HR is critical to creating a structure that gives the finalists a big chunk of the business, ideally as independent P&L if you've got one. The HR person is responsible for (1) crafting the structure to make that horse race fair and honest and (2) evaluating and measuring the performance of each leader so that it's a little more nuanced than just a totting up of their respective bottom lines.

To recap: As head of HR, you have a selection of levers to pull on. You have individual leadership assessment (critical), and you have the lever of structure. Less well known, structural change in the service of development is one of the most powerful levers. ●

The Role of the Board

Having a powerful board of directors is not a problem in and of itself. It is universally acknowledged given in corporate governance circles that a strong, independent board of directors presents a valuable check, balance and countervailing force against the otherwise unfettered

freedom of action of strong-willed CEOs. But the lines of political demarcation between CEO and board need to be carefully drawn so as not to hamstring, compromise or neuter the positive actions of the CEO determined to drive radical and possibly uncomfortable change that may challenge vested interests and threaten long-standing ways of thinking and acting.

At the end of the day as well as the conclusion of the annual shareholder's meeting, the ultimate responsibility in CEO succession lies with the board. Of the many choices that a board makes, none is more critical than the hiring and firing of the CEO. Boards must adhere to a rigorous practice rooted in partnership with the other two key stakeholders, which inevitably requires long-term engagement in development and reviews of internal candidates.

Boardroom Dos and Don'ts

1. Don't NOT have a name in the envelope. The most awkward predicament any board can find itself into, which occurs just the same with alarming frequency, is for a sitting CEO to abruptly step down and leave the board with no name to pull out of the envelope. An emergency succession plan is the corporate equivalent to carrying a first aid kit and a spare tire in the trunk of your car. The solution to this problem is really quite simple: As the Boy Scout motto puts it, "Be Prepared!"

2. Don't have a SPOTS paper plan. The most frequent result of having a strong-willed CEO and a reticent board is not that the issue of succession planning is formally neglected but that the plan, such as it is, isn't worth the paper it's printed on.

3. Don't be afraid of alienating a successful CEO. Boards of directors frequently shy away from forcing the issue of CEO succession on a CEO when the CEO is riding high.

4. Don't split the role. In reality, organizations are better off with one leader, not two or three.

1. Do prepare for a deep, long, constructive engagement. This is a process of focused, intentional interventions over a period of years.

2. Do coach the candidates. Boards may arrange for an outside consultant from a premier firm to work closely with a candidate on their business, strategic and leadership development plans.

3. Do ensure fair and equal exposure for all candidates. The key here is to ensure that all of the candidates get fair and equal exposure to the board, because working closely and constructively with the board is probably the most important single job a CEO has.

SUMMARY: SUCCESSION

4. Do get succession candidates on other companies' boards. It's important for directors to help succession candidates go on boards to gain additional experience and exposure outside the walls.

5. Do expose directors to candidates on their own turf.

The best practices and best processes, from a board point of view, can be distilled down to a few critical non-negotiable points: A clearly defined process, maximum transparency, a carefully tasked board committee, rigorous assessment and relentless coaching of all potential candidates by the entire board, not just relying on the committee, close and constant collaboration with the CEO and CHRO, and when the time comes, a willingness to accept expert help. ●

The Insider/Outsider Dilemma

On May 1, 2013, department chain store JC Penney posted a contrite video on Facebook. It included a friendly female voiceover proclaiming, "what matters with mistakes is what we learn. We learned a very simple lesson — to listen to you." The mistakes the company referred to and which could be blamed on a catastrophic failure to listen to core customers had been committed during the short but turbulent reign of recently ousted CEO Ron Johnson, former head of Apple's retail division.

Seventeen months after Johnson's appointment, retail sales had dropped by 25 percent, the stock had sunk by roughly half, and a deeply embarrassed activist investor named Bill Ackman of Pershing Square Capital Management was obliged to acknowledge that his high-profile selection of Johnson "had been something very close to a disaster."

It's a false premise that when an organization is in trouble, the best way to fix what ails it is to bring in a visionary, transformational leader from the outside to clean out the conceptual cobwebs, shake the place up and, in some cases, even blow the place up. This theory has a certain logic to recommend it, and it is sometimes (but rarely) the case that outsider CEOs imported into troubled organizations have brought with them an injection of fresh perspective and a set of skills that have resulted in dramatic turnarounds.

But that said, an overwhelming preponderance of evidence supports a contrary view, which is that these few exceptions do not prove or make a rule to be slavishly followed as a matter of dogma or doctrine. The fact that a handful of highly talented outsiders have pulled off this remarkable feat is no reason to ignore the more salient

fact, which is that in the vast majority of cases, outsider selection and recruitments are riskier, costlier and far more disruptive to the fabric of the organization than insider selections.

The case for an insider cannot be overstated. The insider knows the company, the industry, the people, the networks, the subtle and shifting alliances, the existing strategy, and — for better or worse, knows where many of the existing flaws and faults lie and where all the skeletons are buried. Most important, the insider is likely to be more sensitive to the cost of throwing the baby out with the bath water.

All that said, in special situations — as when an organization is in deep distress, its core strategy and business model are no longer working, and/or its current leadership, meaning the entire top team, has been tinged with the outgoing CEO's tar brush, an outsider selection may not only be justifiable but advisable, even inevitable. Yet make no mistake about it: No matter how successful that outsider may ultimately be, his or her recruitment by definition is the result of failure. ●

Building a Successful Pipeline in Family Organizations

In the United States, close to 70 percent of the proprietors of family enterprises *say* they would like to keep their businesses in the family, but only 30 percent *succeed* in passing the reins on to a second generation.

The number-one lesson for all family founders: Just as all good leaders provide their rising next-generation potential successors with crucible experiences designed for them to assume the responsibility of taking on real risk in the future, all crucible experiences designed by incumbent leaders of family business to develop heirs into leaders must entail real risk and real reward.

Entrepreneurial parents hoping to develop their offspring into authentic, self-confident and legitimate leaders must be scrupulous, meticulous and fearlessly objective in designing an entry and assessment policy that is patently more rigorous than for non-family members.

This is because no matter how talented the heirs to a company or how hard they may work, their every achievement, their talents, their intellectual capacities and drive are continually called into question by those inclined to ascribe their successes or failures to the fact that they were born, as the old phrase has it, with silver spoons in their mouths. The only way to address this issue

SUMMARY: SUCCESSION

is for family members to work harder than their nonfamily peers to succeed.

Politically, such organizations need to be structured so that family and nonfamily members complement one another and that the relationship between them is constructive and mutually productive as opposed to destructive, politicized and polarizing. ●

Building a Successful Pipeline in Nonprofit Organizations

With both nonprofits and for-profits, the same basic elements and prerequisites apply when planning good leadership transitions and leadership successions:

1. Complete CEO ownership and involvement.
2. Strong HR partner collaborating with the process.
3. A board that is determined to hold the CEO and HR accountable for getting it right and paying attention.
4. Developing the right tools (performance and values assessments) for the pipeline to produce accountability for succession at all levels of the organization.

Culturally, all not-for-profits are organized according to a framework that places a critical importance on the pursuit of a “higher calling” defined by a distinct set of values. All of these institutions are grounded in an acknowledged need to address a range of societal causes and challenges. ●

Leadership 20/20: Framing and Facing the Future

Perhaps more critical to determining organizations’ rising stars’ probability of achieving success or suffering failure in the top job will be their capacity to anticipate, adapt to and get out in front of what are often referred to as “megatrends.”

The following four trends will simply make what is already a tough job tougher, faster and more exciting for the winners and more punishing for the losers.

1. More globalization of everything — businesses, medical treatment, education and all other services.
2. Even greater acceleration of the more-than-a-century-old technological revolution, continuing to disrupt industry after industry, creating many new companies and destroying old ones.
3. Corporate investment in global citizenship activities, environmental and human capital investments, with money and volunteerism, continues to accelerate and deepen

as more organizations orient themselves toward a customer and client focus, away from an inside-out approach to an outside-in approach.

4. Activist investors will play an even more prominent role in executive transition and CEO succession by demanding even better performance and leadership, with the inevitable result being that churn at the top will increase as CEOs falter and fail, while increasingly less tolerant, more capably governed and more diverse boards increase their due diligence, responding to the ratcheting up of pressure from all sides to hold CEOs accountable for doing their primary job: raising the value of the assets they inherited while simultaneously transforming the company and developing, coaching and picking a successor capable of doing the same. ●

Conclusion

The case has been made that nothing is more important than having the right leader at the top of any institution. Unfortunately, we live in a world where this is done wrong 80 percent of the time.

Failed CEO succession is the single biggest destroyer of shareholder value or, in not-for-profits, the future success of the institution. The most important CEO responsibility is to grow transformational leaders from the inside so you will never need to go outside in search of one. It is up to the CEO and top team to be fully involved in this exercise and keep the board fully engaged; the process cannot be delegated to consultants and human resources staff.

The one lesson to take away from this is that leadership development from the earliest stage of someone’s career and succession planning, if and when conducted properly, are one and the same and should be a top priority for the CEOs, board and head of human resources. Good succession planning and processes are the lifeblood of future organizational success. ●

RECOMMENDED READING LIST

If you liked *Succession*, you’ll also like:

1. **The Leadership Pipeline** by James Noel, Stephen Drotter and Ram Charan. Three experts show companies how to build their own leaders by understanding the critical passages a leader must navigate.
2. **Judgment on the Front Line** by Chris DeRose and Noel M. Tichy. Management experts DeRose and Tichy provide a five-step process for building a frontline-focused organization and include examples of frontline leadership in action.
3. **Leadership 2030** by Georg Vielmetter and Yvonne Sell. Find out the six converging megatrends that will reshape businesses by the year 2030.