

About Succession Planning:

It's a fact! The choice of the organization's chief executive officer (CEO) is one of the most important decisions the board of directors will ever make -- a decision that largely determines the future course and health of their organization. But, directors also know that this infrequent decision is one with which they have little experience. An organization normally faces a CEO change every seven to ten years; some less, some more frequently. Bad choices can be costly, trouble-some, and embarrassing.

How CEO succession decisions get made is receiving more attention and scrutiny, particularly by regulators. Yet few organizations have designed and developed a formal process for this predictable corporate event. The event occurs, a Search Committee is struck, a process is invented, and ultimately the name of the new chief is announced with staged solemnity. Members rarely know how or why the choice was made. The process seems managed to appear deeply deliberate; often it is anything but.

Top management succession today is much different from yesterday. Due diligence requirements preclude the automatic appointment of an "insider;" there is a thriving nationwide market of top executive talent; and, the appointment of an "outsider" invariably crystallizes organizational tension between continuity and change. Sometimes, and increasingly, the fresh eyes of an outsider are needed at the top to expedite the pace of change even at the cost of some discontinuity.

All of which points to the need for a fresh, objective approach, usually driven by those who may need to first abandon an inordinate amount of vested interest and tribal custom. It's unlikely that anybody outside the board knows the corporate culture better, has as many links down into the organization, or is as easily approachable by customers, staff, and outsiders interested in the selection of a successor. In such circumstances the advice and counsel of external professionals can be a real asset in acting as a buffer and bringing a higher degree of objectivity to the process.

This Manual is designed to identify common elements involved in the search process; to provide sample guidelines for addressing known and anticipated events; and, to challenge and encourage directors to seriously undertake the development of a formal **CEO Succession Plan**.

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