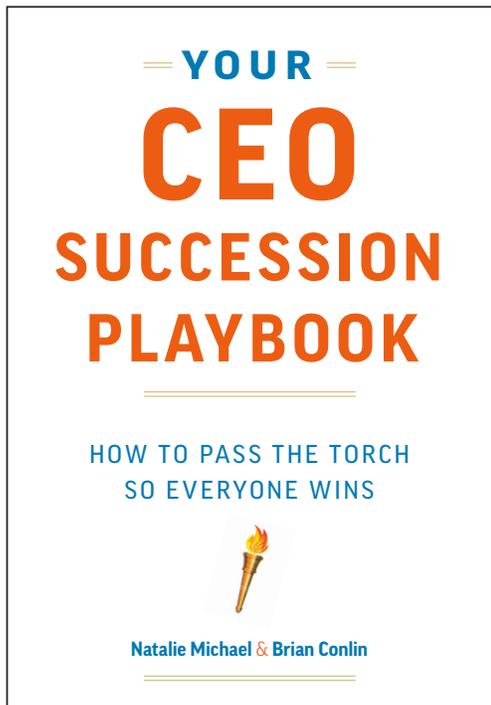


You CEO Succession Playbook: How To Pass The Torch So Everyone Wins



YOUR CEO SUCCESSION PLAYBOOK

By Natalie Michael and Brian Conlin

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“The decision to name a new CEO is one of the most important a company can make. With this book in hand, though, you’ll be ready. Every CEO and board member should read it, heed its lessons, and put its tools into action.”— **Daniel H. Pink**, author of *Drive* and *To Sell Is Human*

Two thirds of CEO succession attempts are ultimately unsuccessful. Most companies either have no plan to deal with transition, or aren’t happy with the one they have. What makes for such drastic failures? A lack of preparation, in many cases, or a focus on process rather than people.

Written by executive coaches with more than 50 years’ combined experience, *Your CEO Succession Playbook* offers an original, insightful and digestible methodology for creating a succession plan that not only finds a viable C-suite replacement, but expands and strengthens business, too.

Based on the experience of 33 CEOs who successfully transitioned into the role, *Your CEO Succession Playbook* guides stakeholders through six key steps in the succession journey: planning for the future; benchmarking the role; identifying candidates by being results-oriented; coaching and developing others; ensuring self-awareness in promotions; and moving forward. From building a culture that continuously thinks about tomorrow, to creating a CEO success profile, to keenly understanding dynamics in a selection process: each chapter clearly reveals tried-and-tested approaches for long-term success of the individual and organization.

Despite this plethora of practical advice, the book focuses not only on actions but the level of trust required throughout an organization. Human dynamics are the cornerstone of any HR success; *Your CEO Succession Playbook* ensures they strengthen rather than derail the process.

Redefining succession planning as a business opportunity—not just a leadership challenge—*Your CEO Succession Playbook* offers an original, definitive perspective on one of the biggest hurdles facing companies.

NATALIE MICHAEL has worked in private practice developing executives for the last fifteen years. She has coached hundreds of executives, from Canada to Africa to New Zealand, with clients ranging from *Fortune* 100 companies to entrepreneurial start-ups. Before turning to coaching and consulting, Natalie led organizations that won accolades such as best-managed company, fastest-growing company and top employer.

BRIAN CONLIN is an executive coach, mentor, board member and business advisor who worked in employee-owned organizations for more than thirty years. He personally went through a successful transition as the former CEO of Golder Associates, a professional services firm that grew during his leadership from a modest regional business to a global powerhouse with over nine thousand employees and \$1.5 billion in annual revenue.

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Advance Praise

for Your CEO Succession Playbook

“The decision to name a new CEO is one of the most important a company can make. With this book in hand, though, you’ll be ready. Every CEO and board member should read it, heed its lessons, and put its tools into action.” —**Daniel H. Pink**, author of *Drive* and *To Sell Is Human*

“It’s hard enough to be a CEO, overseeing and guiding the complexities of the business. It’s harder still to gracefully and successfully hand the reins over to your next-in-line, so they too will thrive. This playbook shares a practical and well-designed suite of tools to give everyone involved the very best chance of success.” —**Michael Bungay Stanier**, author of *The Coaching Habit*

“CEOs often feel insecure and uncertain when their boards take the lead in succession planning (as boards should). Your CEO Succession Playbook will help CEOs get out in front and play their role in succession with finesse. This book beautifully illuminates the emotions under the surface of the succession process and suggests the mindsets and conversations the CEO can adopt to make it more successful and fulfilling.” —**Helen Handfield-Jones**, Practice Lead, CEO Performance, WATSON; one of Canada’s foremost authorities on the subjects of CEO succession planning and CEO evaluation

“The genius of this book is that its authors clearly demonstrate that the path to excellence as a CEO (and board member) is by integrating a succession process into the leadership patterns and practices of the current CEO, board members and management team. The book is not only a rich and reliable travel guide to mastering this challenging journey, but it presents well documented arguments that successful succession planning seamlessly integrates with successful CEO performance. Read this book to be a better CEO, read it to be a better board member, read it to be a better CEO candidate, read it to be a better business student.” —**Walt Sutton**, entrepreneur, CEO, CEO coach and author of *Leap of Strength* and *The Mingus Parchment*

“*Your CEO Succession Playbook* should be on any CEO’s bookshelf. It hits all the key issues, from big-picture to little picture. It asks the important questions . . . and ones that go beyond your last day of work . . . like, ‘Is there life after being a CEO?’ This companion gets your head in a good place and provides the tools you’ll need to meet all your transition objectives.” —**Mark Goodale**, Co-founder, Morrisey Goodale LLC, a management consulting firm to the AEC industry

“A must-read for boards and CEOs—the most valuable resource I have read on the topic. It reminds us that culture and relationships are at the heart of a successful CEO transition.” —**Stuart Suls**, President and CEO, Mr. Lube Canada

“*Your CEO Succession Playbook* is a remarkable resource that offers CEOs an impressive set of practical tools for executing the CEO succession management process. Unique in its focus on CEO incumbents and their specific needs and concerns throughout the process, this book offers a comprehensive yet incredibly accessible approach for CEOs to work collaboratively with their board members, succession committee, executive team members, senior HR leaders, and other critical stakeholders. *Your CEO Succession Playbook* is an indispensable resource for CEO succession management that will aptly serve CEO incumbents for many years to come.” —**Kevin Groves**, Associate Professor of Organizational Theory and Management, Pepperdine University, and author of *Winning Strategies*

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Advance Praise Continued

for Your CEO Succession Playbook

“A compelling read, and a must for all business leaders. While targeted at current CEOs the book is so appropriate for board directors and any prospective CEOs. A first that deals with how to make succession planning a success. I recommend this superb toolkit as a prerequisite to ensuring sound business continuity!” —**Anthony Ariganello**, CPHR, FCPA, FCGA, ICD.D, President and CEO CPHR BC-YK and Canada

“This is essential reading for those committed to a successful CEO transition. It shifts the conversation from, ‘What do I need to do to get CEO succession right?’ to ‘Who do I need to be as a leader to do this well, and avoid nasty politics?’” —**Kathryn Young**, Partner, Canada, Boyden Executive Search

“The book is founded on an assumption I use often, and that is that all CEOs are temporary, yet the companies they work for are enduring. Given this reality, a CEO’s ultimate job is to make the company better for the time they are there, yet their legacy comes from developing the future CEO and setting them up for success. This book provides the tools and leadership insights CEOs and boards need to build a legacy around developing future CEOs, and by doing so they will build a more successful business today.” —**Mark Blucher**, President and CEO, Insurance Corporation of British Columbia

“Ignoring the certainty that you will one day leave your CEO position does great harm, to your organization, its people and its customers. The inevitable rumors, speculation and rivalry can quickly negate years of blood sweat and tears you have invested in the business. This is easy to avoid. Simply implement the practical ideas in this fantastic book, without delay. And in the process, leave your legacy intact.” —**Colin Gautrey**, Executive Coach and author of *Influential Leadership: A Leader’s Guide to Getting Things Done*

“A valuable addition to the repertoire on CEO transitions. This book is a compendium of latest thinking on CEO succession, put into a practical framework. Written in a straightforward and practical manner, it provides CEOs with guidance, tools, and coaching on how to navigate through one of the most important yet personally difficult aspects of their tenure as CEO—preparing for a thoughtful transition.” —**Mathé Grenier**, Senior Client Partner and member of Korn Ferry Global CEO Succession Practice

“*Your CEO Succession Playbook* provides a straightforward and practical guide to help CEOs, and their boards, prepare for their inevitable departures in timely and organized manners, and avoid the numerous pitfalls that surround the process. The book is particularly well-suited for the engineering/consulting industry, given the succession planning challenges so many firms face.” —**Paul Zofnass**, President, Environmental Financial Consulting Group (EFCG), New York, a leading provider of business and financial management to the global AEC industry

“*Your CEO Succession Playbook* provides a succession process that creates a framework for a smooth transition in which all stakeholders win. I recommend this book to anyone who is involved in CEO succession.” —**George Melville**, Chairman and Owner, Boston Pizza International Inc. and inductee into the BC Business Hall of Fame. Current Chancellor, Kwantlen Polytechnic University

“The title of the book says it all—great succinct read with the advice, tools and resources to successfully manage perhaps the most critical succession in a company’s journey, that of the CEO.” **Praveen Varshney**, Director, Varshney Capital and entrepreneur, investor, long time member of Entrepreneur Organization (EO)

“This book is more than a playbook: it’s a call to action. I want every CEO in Mackay CEO Forums to read it, develop others, and finish strong.” **Nancy Mackay**, Founder and CEO of MacKay CEO Forums, a peer group learning organization dedicated to building better leaders; co-author of *The Talent Advantage*

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Natalie Michael & Brian Conlin

Author Q&A

with Natalie Michael and Brian Conlin

1) Tell us why you decided to write *Your CEO Succession Playbook*.

We continuously read statistics stating that CEO succession attempts fail and that half of boards and CEOs feel their current succession plan is inadequate. We were curious to learn about those that did succeed. What differentiates them? There seems to be a gap in the existing literature on this subject.

Similarly, most of the current literature focuses largely on the *process* of CEO succession. To us, this misses two key ingredients for success—how to navigate the people issues and the politics involved. This focus was lacking in other, available resources.

We focus on the human dynamics that support success or derail the process. We devised this being/doing approach after interviewing more than 30 CEOs who have been involved in the process, including co-author Brian Conlin, utilizing trends we saw throughout.

2) Who is this book for?

The book primarily speaks to CEOs who are currently in the role, and who are key stakeholders in a CEO succession transition. However, anyone involved in CEO succession will benefit from the insights and toolkit included: board members (especially board chairs), incoming CEOs, human resources executive and high-potential candidates who want to know what is in front of them.

3) What are the most common pitfalls you see when it comes to succession planning—or a lack of—in organizations?

There are a range of mistakes that individuals and organizations make—each resulting in a slow or ultimately ineffective process and result. Some of the most common we see are:

- **Lack of forethought or pre-planning:** Many organizations don't know where to start in succession planning. This leads to avoidance, ultimately building pressure and making each step more difficult when it *does* begin. Not confronting issues is a poor foundation for success. Similarly, ignoring doubts and insecurities of all stakeholders can often plague a search process—especially if there is tension or a lack of clarity between the CEO and the Board/Board Chair.
- **Lack of talent management:** Many organizations pay little attention to building the bench strength of their current team (and future talent). Talent management is a critical component for overall succession management and must be recognized as a business success tool. Looking to the current team for future leaders is essential. It also allows the organization to challenge potential leaders with new opportunities that demonstrate their abilities resulting in a better-run business and more cohesive strategy execution.
- **Politics discounted in process:** The politics of succession planning are important to consider; if left ignored, they can derail the process—or cause unsuccessful high potential candidates to leave the organization. How the 'winners and losers' are handled during and following the selection process is critical, as is how the next CEO is announced, and how unsuccessful candidates are nurtured in their current roles. For example, executives tagged as the next CEO may be considered a "golden child" by others in the organization. They are seen as getting special treatment and the current CEO's favorite. When this happens the CEO stops getting straight feedback and gets a skewed perspective on the candidate's strengths and gaps, something that can lead to a costly hiring mistake later on.

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Author Q&A Continued

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- **Current CEO pressure or denial:** It's common for a CEO to feel ownership of the role—and organization. However, some departing CEOs may convince a Board that no one can replace them. Or, a departing CEO may not adequately define their next chapter, failing to then make a positive and significant transition. Awareness of the emotional complexity around the departing CEO is important.

4) What are the six essential tools in the ideal 'toolkit' for succession planning?

A practical strategy for introducing the topic of CEO succession to your Board without prematurely accelerating succession;

- A CEO success profile that you can use to benchmark candidates, and a model for determining who has the potential to be the next CEO;
- Strategies for how to best develop future CEOs;
- Advice on how to minimize ego-plays and power struggles and avoid “survival of the fittest” politics;
- Self-coaching questions to help you do what's right for your business;
- A framework for the departing CEO who is considering their next career chapter.

5) Tell us about some of the most surprising—and inspiring—CEO stories you uncovered while writing the book (which you chose to include).

We heard from a departing CEO who wanted to be intentional about how he set the incoming CEO up for success. He impressed us by staying away from the office for a period of time to allow the incoming CEO to have space, take decisions without his support and build his new top team. When they were together at a town hall meeting the former CEO was asked a question. Instead of answering, he passed the microphone to the incoming CEO and stepped back, very effectively signaling that he was the former leader and, as such, questions should be addressed to the incoming CEO from now on.

We also heard from an incoming CEO who was invited to a dinner along with her management team by the outgoing CEO. During the dinner, the outgoing CEO took great pleasure in recognizing the incoming CEO for leadership and abilities and signaled that she was now in charge. He also presented her with a framed picture that was a reprint of a news article about their main competition. He wrote on the article – ‘you will win’ and that created a rallying cry for the new team under the new leadership.

Finally, we heard an interesting story about a seasoned CEO who was engaged in his succession plan and made biased assumptions about the next in line, his star candidate. He told the Board about the candidate and found opportunities to see them in action. Time passed and he thought he has a great future leader to take his place. But when he talked to the candidate and shared his views he found out that they were not interested. He realized that if he had authentic conversations about succession prior, the problem would not arise. As we share in the book, a critical part of succession is to work closely with potential candidates, get to know them more deeply, have critical and authentic conversations and listen closely to their responses. Don't assume.

6) What benefits are reaped from CEO succession planning early? What is the ideal timeline for beginning a search... and why should that begin *before* a candidate is truly required?

Starting early allows you to avoid the politics of replacement. It also avoids challenges that come from a lack of preparedness and minimizes the emotional charge that can come with last minute high stakes selection decisions.

Starting early allows the CEO to drive the process at the start and to set the context as future proofing the organization, creating opportunities for leadership and building the talent needed to implement the future strategies. This approach defuses the emotional issues around thinking about succession as merely replacement.

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Author Q&A Continued

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Perhaps most importantly, starting early ensures that succession planning becomes a natural part of the talent management program. Developing talent takes time (not a year or two, but a career). The CEO and Board can focus on the future vision and needs of the organization and begin to develop people that match those needs. The result is a high performing team and a much better working relationship for all.

7) How can boards—and CEOs—begin to shape a compelling message that will speak to the most attractive C-suite candidates?

There are three primary ways to achieve this:

- Demonstrate caring throughout the process: this is not simply results-driven: it's about individuals, their careers, and building the strongest-possible team both for the current organization and in the future.
- Focus on the incoming CEO's future and their alignment with the organization's future. Show them how they see the organization evolving over time and how they see the candidate growing into those future leadership needs.
- Prove that the organization is forward thinking and dedicated to the team by focusing on talent development in the long term... not simply the next quarter.

8) You discuss the importance of truly listening to candidates. Why is this so important, and how can this skill, and ability, be cultivated?

Truly listening demonstrates interest in the person, their career, their future. It's common for the departing CEO to talk too much and not ask enough questions to truly gauge a candidate's potential, and interest in the role. The departing CEO also needs to listen deeply to uncover potential fears and insecurities because in the end it's the issues related to candidates' "whole life" and their potential worries that can derail them. Many of the CEOs we interviewed identified listening and coaching candidates as an area where they wish they were more effective.

9) While managing the day-to-day activities of an organization, how can C-suite leaders, and boards, work to ensure a healthy culture for future hires (and successions)?

There are so many techniques, methods and considerations when developing a healthy company culture. One place to start is by changing the organization's mindset about succession from simply replacement to a business advantage. Future opportunities and growth plans can—and should—be linked to development opportunities for team members and leaders.

Considering the relationship between the CEO and Board is also paramount. There should be regular, open dialogue about future needs of the organization and individual, personal plans, and people development. Future talent should be introduced to the Board as much as possible, thus offering real responsibilities to deliver on.

Ultimately, it's essential to support and mentor future leaders. Demonstrate to your team that you are invested in their future.

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