



CEO succession: Managing a successful outcome — virtually

As a consequence of the coronavirus situation, meetings, interviews, workshops — even general assemblies — are being managed online via conference calls or video technologies. Globally, business leaders are navigating an unprecedented crisis and hour-by-hour changing the way their organizations operate to cope with uncertainty, risk, restrictions and lock downs. At the same time, they are preparing their top teams and stakeholders for a new reality — a world in which the need for visionary leadership is greater than ever. Where strategies are turned upside down, where innovation and sustainability focus are prerequisites, and where the modus for collaboration is redefined, internally, externally, locally and globally.

In the midst of the turmoil, a key question for chairmen, CEOs, nomination committees and CHROs is how to keep pace with — if not accelerate — executive succession practices and ensure timely completion. As transboundary as it may seem, a new standard for virtually delivered top-talent succession is evolving. Preferably not

replacing face-to-face meetings and interviewing, a fully digital succession process — where clients and candidates meet, assess and negotiate through video “hangouts and meets” — should be considered a real and necessary alternative. Boards should not be too concerned about making a leadership decision virtually when the new CEO may have to lead the company in a virtual environment.

As we observe and learn from the evolving situation, here are some recommendations for how to manage increasingly virtual board and C-level succession processes with a successful outcome. Certain foundational principles should be observed, regardless of circumstances:

- » A future role specification aligned with the board’s expectations
- » A stringent research strategy
- » Thorough assessment of internal and external talent
- » High-quality, comprehensive material about candidates

The following five steps will help you manage C-level succession in a digital environment:

1: Providing your leadership consultant with detailed contextual information

To be fully effective, your leadership consultants need a clear understanding of the business context and the resulting leadership implications. This means ensuring that they have good visibility into your organization, for example the current strategy; the aspirations of the company going forward, including potential changes to current strategy; the strengths and weaknesses of the management team and their respective leadership styles; the dynamics between the board and management; and the company’s market and competitive position. The more insights the leadership consultants can take away from upfront discussions with members of the board and management team, the better the outcome.

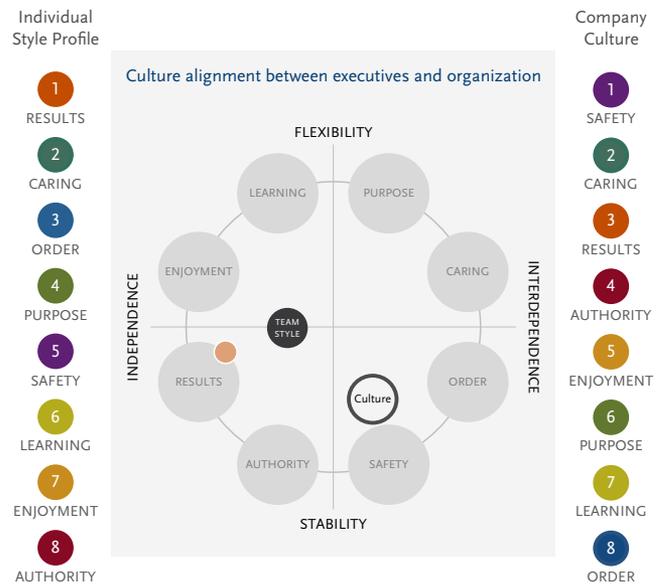
2: Planning an inclusive, seamless process

Designing a robust time plan upfront — involving key constituents — has always been critical. While technology offers more flexibility and can speed up processes, the inevitable virtual distance puts great demands on the phasing of interviews. It is important to allow all members of a nomination team to spend sufficient time with the finalist candidates, preferably designating specific roles for individual interviewers to probe on different dimensions. This is virgin ground for candidates too. In order to comfortably accept an offer following a true virtual hiring process, candidates require interactivity and accessibility throughout.

3: Identifying cultural impact

Research by Spencer Stuart and other industry experts indicates that assessing the likely cultural impact of a candidate is a key aspect of any board or C-level succession.¹ Of course, before a candidate’s cultural alignment can be assessed it is imperative to define and articulate the organization’s culture — its values, goals and practices. In situations where this is not practically possible, then as a minimum it is vital to articulate the culture of the team that the candidate will join (e.g. executive management, board of directors).

Boards are increasingly interested in a CEO candidate's engagement scores. It helps to understand how a candidate's leadership style will engage the organization so that it can align around a plan for the current crisis and whatever new strategy may emerge for dealing with the post-crisis world.



1. 'The Leader's Guide to Corporate Culture' by Boris Groysberg, Jeremiah Lee, Jesse Price and J. Yo-Jud Cheng, *Harvard Business Review*, January–February 2018.

4: Probing values, motives and stress factors

In best-practice processes, finalist candidates are thoroughly referenced. Their career history and experience are scrutinized and their leadership capabilities carefully assessed. This is often supplemented with selected psychometric profiling. Take the opportunity of adding new or additional psychometric data points to further identify areas to probe and increase consistency. Our longstanding relationships with candidates fuel insightful referencing. Deeper, richer references become all the more important in a virtual world.

5: Predicting executive potential

The ability to predict leadership potential is crucial and needs to be fully integrated into the CEO succession process. For a nomination committee, understanding the executive intelligence and learning agility of the finalist candidate is probably the most important factor in making a final decision. In a process limited to calls and video meetings, we recommend broadening the use of executive potential measures for both internal and external candidates in all C-level successions and other business-critical hires. Our case-based ExI® assessment tool is uniquely positioned to determine executive potential.

WHAT IS EXECUTIVE INTELLIGENCE?

Executive Intelligence or ExI® has three components and an overall composite measure:

Critical & Conceptual Thinking (CCT)

Practical Intelligence: ability to see problems from multiple perspectives; executive-level cognitive complexity; the ability to make order out of chaos even without experience of a situation: making sense of complex and uncertain information, even if of massive scope.

Interpersonal & Social Awareness (ISA)

Socio-political Intelligence: ability to engage with people and organisations directly with insight into motives and feelings: both individual emotional intelligence and group socio-political intelligence.

Self-Evaluation and Adjustment (SEA)

Learning Intelligence: ability to take in or even invite information and learn from it, adjusting one's own behaviour. This is a general accelerator of potential, since people with SEA are far more capable of learning and maximising their potential.

Conclusion

A nomination committee chair recently asked us, “I always insist on having an informal dinner with the finalist before closing; now what do I do ...?” Well, over the past hectic weeks, virtual gatherings have evolved rapidly and seem to be working fine as a means of illuminating personal style and chemistry between individuals.

Adapting to the new realities of a digital succession process does not mean lowering standards or compromising on results. Our five steps for succession in a virtual world will help you mitigate the risks that may arise from less face-to-face contact. We recommend that you work closely to bring your leadership advisors up to speed; plan carefully to allow everyone involved to be comfortable with the process; ensure that there is a strong cultural fit; prioritise thorough referencing and consider additional psychometric testing; look beyond past achievement and focus on establishing the executive intelligence and potential of candidates.

Last but not least, think carefully about how to onboard your new executive. She or he may have to lead the company virtually, remotely — working from home with the rest of the organization and the leadership team. Virtual leadership is becoming the new normal.

The future belongs to the brave.

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Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 60 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of culture and organizational effectiveness. For more information on Spencer Stuart, please visit www.spencerstuart.com.

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