

The CEO Advantage: Effective Succession Plans Help Secure Top Talent and Improve Corporate Results

By Nancy MacKay, Ph.D

CEO challenge

The recently appointed CEO of a large publicly held company was enthusiastic about his new opportunity. A lack of trust and transparency, which resulted in poor relationships with the leadership team and board of directors, sunk the last leader. Could the new guy effectively repair the damage?

This CEO thought he could. His previous experience and track record spoke for themselves, and he knew the board had made bad decisions in the past, including hanging on to a leader who should have been fired long ago.

He set to work with his executive team to fix what he saw as a dysfunctional organization. He made sure everyone knew his past experience and capabilities made him more than qualified to make the necessary changes, and he acted as a buffer to the board, keeping it as uninvolved as possible while he began the process of turning the company around.

CEO mistake

This CEO made three of the most common mistakes that new leaders make in their first 90 days. First, he viewed the board as incompetent. He believed he had been brought in to keep the board out of his way while he and his leadership team worked to repair the damage.

Second, he didn't respect the company's past.

Third, he didn't let go of his own past. He repeatedly expressed how his experience put him in a position to save the company from previously ill-equipped leadership.

The result was not surprising. Not only was his style an insult to the board, executives and employees, his behaviour ensured there was no building of trust. By neglecting to forge relationships with his new colleagues while effectively positioning himself as the organization's saviour, he created more problems in a company desperate for strong leadership.

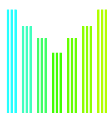
CEO solution

The CEO's job is to build two-way trust and respect with all stakeholders. To address his mistakes, this CEO was assigned several action items, the first of which was to recognize that he and the board had a common objective: to do what's best for the company and shareholders. It was not his role to "fix a dysfunctional board." The CEO met with the board chairman and each member individually once a quarter to establish relationships, trust and transparency and to ask for feedback. Not surprisingly, this trust-building sped up decision-making and results at board meetings.

The CEO also learned that he had to show respect 100% of the time. He learned to create trust and candour by focusing on strengths and identifying opportunities for innovation and improvement.

Lastly, he was encouraged to stop talking about his previous experience and instead listen 80% of the time.

Learning as much as possible about the company paved the way for stakeholders to become more trusting and, ultimately, beginning the desired turnaround of the organization. •



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