

## Executive Insights

A CenterStone Executive Search White Paper

# The Key to a Successful Succession Plan

*It's not a project, it's a philosophy*



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## The Key to a Successful Succession Plan

*It's not a project, it's a philosophy*

Expect the unexpected. That seems simple enough. Corporate Boards and executive teams practice this principle as they influence and manage successful businesses, but in today's tumultuous environment, it's not good enough to only expect the unexpected: You have to plan for the unexpected.

Imagine that just as a company is stabilizing from a challenging reorganization or complex acquisition, the CEO is recruited to a competitor or suffers a sustained illness or, worse, loss of life – leaving an emerging business behind. If the company and its directors do not have an emergency-transition and long-range plan for replacing this key officer, the company will not only lose the foothold it battled to achieve, but be at considerable risk.

Successful Boards know that adopting and practicing a philosophy of succession planning allows them to outline the challenges facing them, establish a set of core competencies to define CEO leadership requirements, and monitor both internal and external pools of candidates. During a planned or unplanned CEO departure, the Board can move swiftly and deliberately into a transition strategy agreed upon far in advance.

Succession planning works diligently toward future payoff. It does so in a continual, precise and dynamic fashion, allowing industry insiders to massage the picture of the ideal leader as paradigms shift.

### **The process**

The first step of the succession-planning process is to identify the challenges facing your industry over the coming three to five years. Board members, senior-level leadership and industry insiders drive a communication process that determines the challenges your company faces within its industry. A comprehensive analysis is developed based on this information.

The next step identifies those qualities the target candidate must exemplify. This long list of qualities suggests a short list of core competencies that define the ideal leader. These competencies become the measurements for evaluating candidates over time.

The final step is the critical component to success. With this body

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of information defining challenges, qualities and core competencies, networks must be tapped to cull the best leaders in business, both inside and outside your organization. The result is a short list of executives, who are then researched exhaustively and in some cases vetted over time. This tracking and monitoring process is maintained indefinitely, keeping current with each external candidate while constantly managing the development of internal candidates.

Parameters of evaluation evolve as the industry evolves, and some candidates might be dropped and others added. At any point during the process, the list is current and actionable in order to initiate immediate contact for the recruitment of top talent in replacing a departed leader.

### **It's not a project, it's a philosophy**

Succession planning is a philosophy, a company practice, and not an isolated project. As such, it must be practiced consistently and shepherded meticulously. Senior executives should practice hiring their replacements with every appointment. Internal candidates should be developed and in some cases realigned to allow the growth of others capable of ascending to the CEO position.

Some companies expect the unexpected. Successful companies plan for the unexpected.

### **Where to begin**

The best talent is cultivated through banner processes managed by the most knowing professionals. And certainly, the best talent makes the best leaders for highly competitive and highly esteemed companies.

The relationship with an executive search firm can play an important part in laying the foundation for the process. Industry insiders with vast networks and inroads manage the process most successfully – and comprehensively – within the boundaries of the client company's needs.

Through a partnership with an outside search firm, your company also has access to the highest levels of talent in the industry with full confidentiality. The search firm can make contacts, complete research and monitor the pulse of your market without compromising your corporate privacy.

*If you have questions about a new or existing succession plan, please feel free to call for a confidential discussion.*

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