

HM&M BUSINESS CASE STUDY: CEO SUCCESSION PLANNING



A national firm in the financial services industry was looking to select their next CEO. The incumbent CEO of fifteen years and the Board of Directors were seeking assistance in building a fair and objective process to select and on-board the next CEO of the organization. The engagement consisted of the following agreed upon premises and procedural steps, some of which are still in process:

- HM&M business psychologists facilitated a discussion with the Board on the intended purposes and processes involved in the organizational assessment. It was important for all Board members to understand how this process provides greater analytical rigor, objectivity, and integrity to the entire CEO succession planning and decision making process.
- The CEO succession process continued with the facilitation of dialogues to obtain consensus on the organizational and business challenges facing the next CEO, including immediate, near-term, and long-term challenges. Specifically, interviews, focus groups, and on-line surveys were utilized to acquire a well-rounded understanding of these challenges as seen through the eyes of a broad cross section of executives and senior-level managers throughout the organization.
- Based upon the results of the organizational study, a well-defined framework of CEO leadership competencies was established. This framework captured, in a visual model and descriptive summary, the most critical knowledge, skills, and personal attributes that would be required of the next CEO.
- The Board members were then gathered together to reflect upon a written summary of broad perspectives gathered on the organizational opportunities and challenges. This discussion also included an interactive review of the newly formed CEO competency model. In order to further validate this model, the relevance of the key leadership competencies to the organizational opportunities and challenges facing the firm were vetted out by Board members.
- Individual leadership assessments were then conducted with the “short list” of finalist internal candidates. These assessments consisted of an in-depth psychological interview, cognitive ability measures, and personality measures determined to be valid and reliable measurements of the CEO competencies.
- Initial verbal feedback was offered to a CEO selection sub-committee of the Board following each candidate assessment. Additionally, a written profile was generated for each individual assessed that included: 1) a characterization of the individual’s leadership strengths and development opportunities, 2) identification of their goodness-of-fit to the role of CEO, and 3) specific developmental recommendations.
- On a separate occasion, the business psychologist had a follow-up feedback session with each internal candidate to discuss the results of the assessment and to design an executive development plan. The plan addressed the essential development areas for each individual and specific, measureable action items for each area identified.
- Once the successor was selected, the HM&M business psychologist had a feedback session with this individual to review the results of the assessment and collaboratively design an executive development plan.
- Then, as a next step, a leadership development plan alignment meeting was facilitated by the business psychologist. This meeting involved the new CEO, the Board Chairman, and the Chief Human Resource Officer to discuss the new CEO’s executive development plan. The development plan and the discussion that ensued covered the CEO’s assimilation into the new role, the leadership of the executive team, and the desired relationship, roles, and expectations between the CEO and the Board.