

CEO SUCCESSION PLANNING TEMPLATE

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Boardroommetrics

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This CEO succession planning template is designed to help Boards of Directors define the most important criteria for identifying and developing the next CEO. Formalizing these criteria and implementing a plan for developing future successors are the critical elements of effective succession planning. They ensure that organizations are proactively prepared when CEO succession circumstances arise.

The Succession Planning Template and Process

The template starts on page (6). There are eight sections:

Step 1 – Your name and title

The Board needs to decide who will complete the template and provide input to the succession plan. At minimum the following people should be included:

- a) the current CEO
- b) the Board Chair
- c) members of the committee responsible for CEO succession

Additionally, we have seen the entire Board, past Board members and the entire Management team participate in the process of defining the criteria for the next CEO. Although the process of gathering more input is more complicated, we see that it results in higher quality.

Step 2 - Overview of the operating environment next 5 years

The skills and expertise of the next CEO should match the challenges and direction of the future organization. The purpose of this section is to help Boards form a clear perspective (as best as possible) on what the future challenges and direction of the organization will look like.

Step 3 – Define the Characteristics of the Next CEO

The purpose of this section is to help the Board develop a clear set of criteria that define the ideal characteristics of the next CEO. These characteristics should be consistent with the challenges and direction identified above. As the Board develops the succession plan, it will use these criteria to:

- a. Identify and rank potential successors both internally and externally
- b. Identify and fill development gaps of potential successors



Step 4 – Identify Other/Missing Criteria

If there are other characteristics not identified in Step 3, they should be identified here.

Step 5 – Write a Profile that Describes the Next CEO

This profile is based on the criteria and considerations developed in Steps 3 and 4. An example is included in Appendix 1.

Steps 6/7 - Identify Internal (and External) Succession Candidates

Based on the criteria above, the purpose of this section is to identify potential successors. Ideally, there will be people on the leadership team that the Board will add to the list (ideally there will be, however there are often circumstances where that is not the case). Also, the Board may be clear on people it wants added to the list of possible successors. If it's not clear, but the Board agrees it wants to explore external candidates (very common), then the criteria above will be used to direct the recruiting process.

Step 8 – Succession Candidate Development Plan

Once potential successors have been identified, purpose of step 8 is to lay out the steps the Board will execute to implement the succession plan. These steps range from engaging outside recruiters and communicating with internal candidates to executing individual personal development plans.

This step is where the rubber hits the road in succession planning.

It's common for Boards to feel they have succession planning handled. Too often what that means is some or all of the Board have a candidate in mind in the event of unplanned succession (it's what we see all the time). For a Board to truly fulfill its succession planning obligations it needs a formal succession plan and ensures the plan is being executed.



Common Board Succession Planning Mistakes

This template and the steps that go with it are designed to help Boards avoid making these common mistakes.

1. Going with the most obvious candidate.

The most obvious candidate is usually someone who has been around the organization for a few years, performs well and is liked/respected by the Board and organization. It is someone who is informally recognized as the successor. However, the characteristics that lead to someone being successful and respected in their reporting role may not be what's required in the leading role. Defaulting to this candidate without comparing them to others is a mistake.

2. Overlooking internal candidates.

The default position for some Boards is that the best successor comes from outside the organization. This is an easy mistake to make when the criteria for the next leader aren't well defined. Defaulting to outsiders comes with great risk. It can impair internal morale and put someone in charge who lacks the organizational knowledge and experience to be successful.

3. Overlooking external candidates.

The default position for other Boards is that the successor must come from inside the organization. Again, it's an easy mistake to make when the criteria for successor leadership aren't well defined. Defaulting to insiders also carries great risk. It can cement the status quo and leave the organization short of new, objective expertise required to succeed in a changing environment.

4. Not formalizing the CEO succession plan.

This is probably the most common mistake. We see many Boards who feel they have handled CEO succession because there's an informal consensus about who the replacement CEO would be – typically in the event of unplanned (hit-by-a-bus) succession. There are all sorts of problems with this. First, when the consensus is informal, there are almost always Directors who aren't aware of it (this happens all the time). Second, there are almost always Directors who don't agree with the choice. Third, the inferred successor themselves may not be aware of the Board's informal plans. Not being aware can lead to lack of preparedness. Forth, if the inferred successor is aware but someone else is chosen when informal planning becomes formal, then there can be lots of disappointment.



Finally, it is a mistake to think that the informal successor in unplanned succession is the best person for long term succession. There are lots of variables that make the two roles different (someone to fill-in vs leading the business forward). Informal succession planning is not succession planning.

5. Not following up and staying current with the CEO succession plan.

In some ways, this is a good problem to have. At least there's a plan. The challenge for Boards who make this mistake is to revisit the plan on a regular enough basis (once per year is minimum) that they ensure the plan is being executed. Losing interest in the plan, not following up and letting it lapse results in poor preparedness when succession planning is needed most. Succession planning is like any planning – it won't just happen. The Board must stay on top of it and measure progress.



CEO SUCCESSION PLANNING TEMPLATE

Step 1: Your Name and Title

- Your name:
- Your title:

Step 2: Overview of the Operating Environment Next 5 Years

1. What risks will the organization face over the next 5 years?
2. What will the strategic priorities of the organization likely be over the next 5 years?
3. What will the implications for leadership of the organization be over the next 5 years? Skills? Expertise? Challenges? Opportunities?

Step 3: Your Thoughts on Succession Planning Criteria

Overall Description

1. What is the ideal description of the next CEO.
 - Visionary Builder
 - Strategic Thinker
 - Turnaround Specialist
 - Change Agent
 - Trusted Operator
 - Custodian/Manager
 - Financial Engineer
 - Other _____

Educational Background

2. Define the ideal academic background of the next CEO.
 - Academic degree
 - Bachelor's degree with a specialty in _____
 - Master's degree with a speciality in _____
 - Doctorate Degree with a specialty in _____
 - Other _____
 - Not applicable

Functional Expertise

3. Define the ideal functional expertise of the next CEO (choose all that apply).

- Finance/Accounting
- HR
- Marketing
- Business Development/Sales
- Legal/Compliance
- Manufacturing
- Engineering
- Operations
- Distribution
- Other _____

Leadership Skills and Expertise

4. Define the ideal leadership skills/expertise of the next CEO.

- Strategic planning
- Analytics
- Performance management
- Decision Making
- Problem Solving
- Team building
- Collaboration
- Communication
- Facilitation
- Crisis Management
- Negotiation
- Other

Industry Experience

5. Define the ideal industry background of the next CEO (provide type or specify exact).

- Internal organization _____
- Competitive organization _____
- Complimentary Organization _____
- International organization _____
- Trade organization _____
- Advocacy organization _____
- Other _____
- None



Career Path

6. Define the ideal career path experience of the next CEO.

- CEO
- COO
- VP
- Director
- Senior Manager
- Manager
- Other_____

Personality Traits

7. Define the most important personality traits of the next CEO (pick 3).

- Adaptable
- Analytical
- Trusting
- Determined
- Patient
- Empathetic
- Decisive
- Committed
- Energetic
- Creative
- Objective
- Consistent
- Other_____

Step 4: Additional Thoughts and Considerations on Succession Planning

Please identify any missing elements or other considerations you feel are important in succession planning for the CEO.

Step 5: Overall Profile of the Ideal CEO

Based on Steps 1 – 4, please write a descriptive profile for the ideal next person in the CEO role.

Step 6: Internal Candidates for Succession Planning

a. Internal Candidates Currently Ready for CEO Role

| Name | Readiness Ranking (/10) | Additional Development Required |
|-------------|--------------------------------|--|
| | | |
| | | |
| | | |

b. Internal Near-Term Candidates (ready in 1 – 3 years)

| Name | Readiness Ranking (/10) | Additional Development Required |
|-------------|--------------------------------|--|
| | | |
| | | |
| | | |

c. Internal Future Candidates (ready in 3 – 5 years)

| Name | Readiness Ranking (/10) | Additional Development Required |
|-------------|--------------------------------|--|
| | | |
| | | |
| | | |

Step 7: External Candidates for Succession Planning

a. External Candidates Currently Ready

| Name | Readiness Ranking (/10) | Additional Development Required |
|-------------|--------------------------------|--|
| | | |
| | | |
| | | |

b. External Near Term Candidates (ready in 1 – 3 years)

| Name | Readiness Ranking (/10) | Additional Development Required |
|-------------|--------------------------------|--|
| | | |
| | | |
| | | |



Step 8: Succession Candidate Development Plan

Candidate

| Development Activity | Measured Outcome | Who is Responsible | Timing Completed By |
|-----------------------------|-------------------------|---------------------------|----------------------------|
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| | | | |
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ABOUT BOARDROOM METRICS

Boardroom Metrics was founded over twenty years ago. We focus on Boards and Corporate Governance effectiveness. Our specialties:

- 1) **External Board Evaluations.** We use customized surveys, interviews and other assessment tools to evaluate how effectively public, private and not-for-profit Boards of Directors understand and execute their Board role.
- 2) **External CEO Evaluations.** We use customized surveys, interviews and other assessment tools to evaluate the CEO’s performance versus the Board’s expectations, business objectives and personal development goals. CEO Evaluation templates are available for download [here](#).
- 3) **Board, CEO and Leadership Team Succession Planning.** We provide tools and consulting to help Boards develop criteria and processes for planned and unplanned succession.



- 4) **Governance Education, Consulting and Coaching.** We speak to/work with Boards, Associations, and other groups on Corporate Governance, the Board's role, and the processes and tools for executing Corporate Governance effectively.

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