

# Engaging With the Board/ Succession Planning

NAHR Meeting

June 13, 2018

# Succession Panel...

## 45 Years of Collective Relevant Experience

- **Tracy Keogh** (HP, Hewitt Associates, Analog Devices, Sapient)
  - 18 Years CHRO
- **Patrick Wright** (Darla Moore SOM and Center for Executive Succession, Cornell University)
  - 15 Years Professor and CHRO Advisor
- **Rich Floersch** (McDonald's)
  - 12 Years CHRO-former

# Board/CHRO Engagement

## Expectations Board Has for CHRO

- Leads Human Capital Strategy
- Develops Sound Executive Compensation Programs
- Drives Company's Culture (with CEO)
- Mitigates Organizational Risk
- Operates as a Trusted Advisor
- Plans/Supports CEO Succession

# Succession Planning

More than 90% of surveyed Board members rate CEO succession as “critical” or “important.”

“Succession represents probably 80% of the value BODs deliver... If the choice of CEO succession is superb, all subsequent decisions become easier.”

- Ram Charan

# CHRO Role in CEO Succession

<p><b>Process Expert</b></p>	<ul style="list-style-type: none"> <li>-Establish criteria based on future needs</li> <li>-Ensure a rigorous assessment of internal candidates</li> <li>-Conduct external benchmarking</li> </ul>
<p><b>Informed, Independent</b></p>	<ul style="list-style-type: none"> <li>-Provide a balanced point of view</li> <li>-Avoid advocacy</li> <li>-Ensure the honesty and integrity of the process</li> </ul>
<p><b>CEO Advisor</b></p>	<ul style="list-style-type: none"> <li>-Recognize the emotional nature of the process</li> <li>-Encourage the CEO to let go</li> <li>-Engage others in providing support</li> </ul>
<p><b>Manage Others</b></p>	<ul style="list-style-type: none"> <li>-Address potential retention concerns</li> <li>-Provide emotional support to internal candidates</li> <li>-Emphasize importance of discretion to the Board</li> </ul>
<p><b>Support Transition</b></p>	<ul style="list-style-type: none"> <li>-Support new CEO in developing 90-day organizational/personal plan</li> <li>-Orchestrate internal and external communications/compensation activities</li> <li>-Encourage former CEO to exit – gracefully and quickly</li> </ul>

Source: "CHRO at the Center," Spencer Stuart, 2014

# “Lessons Learned”

- Critical to Have an Emergency Successor for Key Positions... In Particular the CEO
- Importance of Ensuring a Diverse Pipeline of Talent
- Key Considerations of When It Is Best for an Internal/External Successor