CEOs we talk with confirm that there is no way to fully prepare for being thrust into their role, describing something of their shock and awe when they become the focal point of the intersection of the organization’s external and internal stakeholders. It is more a career change than a promotion, so applying traditional assessment methods will likely produce inaccurate, disappointing, or even disastrous results. That is chiefly because examining criteria such as track record, experiences, skills, and results are a look in the rear-view mirror.

Boards charged with the critically important task of selecting a new CEO—one of only a handful of their primary duties on behalf of shareholders—face the challenge of assessing candidates and predicting how they will perform in a position they have never before held. That will almost always be the case with insiders, and most successful boards will promote from within when possible.

Fortunately, assessment science has advanced to the point where boards can make these predictions with increasing accuracy, gaining a balanced view of the more apparent skills and competencies integrated with the less-easy-to-see but equally important and still measurable personal traits and drivers that result in a “whole person view.”

As an illustration of the value of this approach, consider this succession scenario at a $30 billion global diversified services company we recently worked with:

One year prior to a planned CEO transition, there were three internal candidates in the running. “Steve” was considered least likely to become CEO, despite a strong record of achievement. He simply hadn’t pursued the CEO role as aggressively as the other two candidates, and had indirectly conveyed what appeared to be a lack of interest to the board. All three candidates were put through a rigorous assessment process so the board would be able to form a much more complete, granular view of each, including their hard-wired traits and drivers; the essence of who they were.

To the board’s surprise, Steve scored significantly higher than the other two candidates, including on motivation and drive to serve as...
CEOs (as measured against other successful CEO benchmarks). He also scored higher on the key leadership competencies required for this CEO role. These results let the board know that Steve was not only motivated to serve as CEO, but that he also likely had what it took to succeed, making him the least-risky choice.

Based on these insights, and Steve’s overall excellent track record, he was moved into the COO role to test and hone his skills for six months. A real transformation took place as he began to view himself as a leader with a vision; his team began to see him in that light, as did the board. He was ultimately appointed CEO, and is proving to be a success. And because of parallel development efforts with the other candidates, rather than a winner-take-all horse race, the company was able to retain them in critical leadership roles.

There are a few key takeaways for boards from our story:

- In assessing succession candidates, the goal is to assemble a four-dimensional picture of each based not only on past achievements and competencies that correlate with your CEO success profile, but also powerfully combined with the personal leadership traits and characteristics and the motivational drivers to predict future performance;
- Those seemingly unmeasurable core traits that get to the essence of who someone really is can, in fact, be measured—and they must be—if someone is a serious contender for the CEO spot; and,
- Development doesn’t stop when someone is appointed CEO. It’s more important than ever to chart a strategic leader-

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Experiences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills and behaviors required for success that can be observed</td>
<td>Assignments or roles that prepare a person for future roles</td>
</tr>
<tr>
<td>For example: decision quality, strategic mindset, global perspective, and business insight</td>
<td>For example: functional experiences, international assignments, turnarounds, and fix-its</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Traits</th>
<th>Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inclinations and natural tendencies a person leans toward, including personality traits</td>
<td>Values and interests that influence a person’s career path, motivation, and engagement</td>
</tr>
<tr>
<td>For example: assertiveness, risk taking, and confidence</td>
<td>For example: power, status, autonomy, and challenge</td>
</tr>
</tbody>
</table>

Source: Kom Ferry

The Goal: A Multi-Faceted, Integrated Picture

While some competencies and experiences may represent must-haves, they only form half the picture. We urge boards to strive for what we call a four-dimensional view that integrates competencies and experiences, or what an executive has done, with traits and drivers, or who an executive is. People are complex, multi-dimensional beings, and boards need to get to the heart of who a CEO candidate is and then view the picture in its entirety.

As with the more visible competencies and experiences, less visible traits and drivers should also align with the strategic direction and challenges the next CEO is likely to face. Take a CEO who scores low on the measure of a driver called “need to impress.” While many may assume an accomplished CEO should care little about what others think, consider the company that is undergoing a major transformation or a turnaround. In that case, success hinges on a CEO who can sell the new vision, inspire, engage, and create buy-in—internally and with a range of external constituencies. In other words, someone with a strong need to impress might be critical to the success of a new strategy and would have to be comfortable with the required visibility.

Experience and competencies are generally more easily augmented and developed—with a new assignment, for example—to round out someone’s skill sets, which is why many boards identify successors early. Traits and drivers, on the other hand, are generally more resistant to being shaped and can eventually derail a CEO’s tenure if they are not identified in time. In addition, some competencies may be nearly impossible to develop, or take much too long to develop, if the person does not have the underlying traits to support them.

For a company like the example above that needs a transfor-
nati onal change agent, which candidates possess required traits like high flexibility, agility, and tolerance for risk-taking? For candidates who have run individual business units but not yet served as a CEO—typically insider candidates—will they be able to make the transition from leading a discrete part of the organization to embracing the impact of a full enterprise leadership role? Some may struggle with shifting from an operational mindset to the integrative, agile thinking essential to success in the CEO role, and as a result, make the entire organization vulnerable.

Increasing the Odds of New CEO Success

Conventional wisdom tells us that when the skills and competencies match up with the requirements for the role, we can fill in the blanks—such as projecting how someone will perform as CEO—with additional interviews, careful reference checking, and even a small leap of faith if all appears as it should. But, as is often the case, conventional wisdom leaves something to be desired. Interviews may yield little to fill in the “trust blanks”; references are often more concerned about legal liability than candor; and when it comes to your organization’s future, taking a leap of any size into the great unknown is not recommended, for reasons you can well imagine.

Despite advances in assessment methodology, many boards still focus chiefly on succession candidates’ more visible competencies and experiences, often emphasizing what they’ve exhibited in current or prior roles but not fully extrapolating whether these skills will translate to what is required for the CEO position in the future. In short, all of these facets are equally important and must be viewed in the context of what it takes to be a successful CEO. A significant gap in any of them can seriously compromise a candidate’s ability to perform if selected.

There is a good deal of evidence to suggest that much of what causes new CEOs to fail—which is costly to both the company and the individual’s career—can be attributed to ineffective leadership style, on the often less-thoroughly-mined “who” side of the equation. Dan Ciampa and David Dotlich detail some of this in their new book, Transitions at the Top, citing such examples as inability to read the political situation well enough to understand relationships, coalitions, and alliances most important to the CEO’s success; failure to understand the culture well enough to properly manage those below them; and misreading the capacity or willingness of people in the organization to implement needed changes. Equal emphasis on traits and drivers, along with experiences and skills, would uncover these and other weaknesses and enable the board to decide if the issues are fixable or if the candidate should be eliminated from consideration.

Critical Board Oversight

As the timeline for a transition shortens, boards should be identifying, as part of a further development and readying process, any areas in which likely successors need strengthening to ensure success in the CEO role.

It’s important to remember that every CEO candidate will possess shortcomings, no matter how closely aligned his or her personality, motivators, skills, and experiences may be to the CEO success profile designed by the board. Some shortcomings may be relatively

SUCCESSION SNAPSHOT

The Gift of Time

Those boards that plan well in advance will have the best options and chances for success when replacing the CEO. For one client on a CEO succession project, there was no real rush. The CEO wanted to take the time to build a succession pipeline, which included two longer-term internal candidates who would be assessed for potential, as well as a candidate who had recently been recruited from outside the organization with the express purpose of considering him as a potential successor. We undertook broad and deep assessments on a total of four candidates—including the new executive—and found that while, predictably, no one was perfect, the newest contender had the fewest derailers and the greatest potential.
context matters

Some people's success is more circumscribed and situation-specific; they lack the learning agility and flexibility to adapt and produce results when those circumstances change. A client asked us to put a couple of potential successors through a CEO simulation after all had impressed the board with their background and personal presentation skills. The external candidate, the COO of another company, was the front-runner until the assessment revealed that his success was highly dependent on his current context. He was actually not all that agile and for success, would need to be in an organization that mirrored his current situation. The client planned a major strategic change and when the COO was faced with the prospect of leading under a new strategy, his weaknesses became apparent. As a result of the simulation, the board decided to invest in developing the internal candidate, which proved to be a wise decision.

minor issues, while others may be potential barriers to success. Many can be ameliorated given time and the right resources.

One best practice for boards is to identify executives viewed as having future leadership potential early in their careers, to ensure they can accumulate the experience and training required for enterprise leadership roles. There is likely a substantial track record of previous assessments, including referencing or 360s, that will provide the board with some insight into how these prospective leaders have performed in a range of roles, and according to a variety of measures.

Moreover, by the time these key executives rise to the level of a potential CEO successor, the board has probably had an opportunity to interact with them under carefully orchestrated circumstances, such as at board meetings and dinners, but an assessment of how these candidates would actually behave on the job is still something of a “black box.”

This “black box,” however, can be demystified. Deep additional insights can be gleaned, for example, from CEO simulation exercises that can predict with significant accuracy how an individual will behave in specific situations that CEOs are likely to face. The resulting four-dimensional profile we’ve described can be compared to not only what is required for success at a particular company, but also to a rich database of the performance of other best-in-class CEOs under a variety of business challenges and industry conditions.

In addition, the board needs to be reassured that the prospective CEO has the drive for the role, because the job is so big that without that motivation, no one would have the energy required to sustain him or her over the long haul. The right program can create understanding of how to shape and channel that ambition to achieve the strategic vision for the company, as well as the successor’s most important personal goals.

accelerating development

People often think that once you’ve made it to the corner office, growth and development are no longer priorities. Even experienced CEOs can become more effective leaders, and given rapidly shifting industry dynamics, the impact of globalization, and uncertain business conditions, it is more important than ever that CEOs continue their development to cope with these challenges.

Those stepping into the CEO role for the first time must understand that part of the challenge lies in mastering several different types of leadership, each of which rolls up into the CEO position. These different faces of leadership run the gamut, from personal leadership to interpersonal or team leadership to enterprise leadership, and they have to be seamlessly integrated into the CEO’s overall leadership perspective.

While the development and readiness process for CEO successors usually starts and ends with competencies and experiences required to perform the role, a more logical place to start is with an individual’s personal leadership style and vision. It may sound counterintuitive—because the CEO role is so all-encompassing—but the most successful CEOs start with a personal vision of leadership that they can link to the broader vision of the company. Prospective CEOs who generate these insights and connections early and follow a development plan that is endorsed and supported by the board have a huge head start. This ensures that the experiences they seek out and the competencies that they develop are aligned with their personal and organizational vision.

When succession candidates have the opportunity and the guidance to examine their fundamental life goals and values, they gain much-needed clarity about how they will use the platform of the CEO role to achieve their vision for the organization and its stakeholders. This defines their focus and priorities as they enter the role.

These personal insights, and learning how they can be used to leverage a larger enterprise-wide vision, unleash leaders to do their best work. These revelations are particularly critical in the CEO role, because most of what CEOs achieve is through the work of others, but at the same time, the role is a solitary one. When preparing to be CEO, candidates have to dig deep within themselves, because success relies in large part on who they are and how they inspire others toward a common vision.

Sitting board chairs, CEOs, or CHROs who
sponsor succession candidates at Korn Ferry’s Chief Executive Institute (CEI) tell us that once candidates have made these connections, they have a renewed purpose and presence, and demonstrate confidence and strength in how they approach situations that call for their leadership and judgment. All of the preparation and training they have received over the course of a long career has likely not prepared them to leverage their leadership and link it to the full, global enterprise in a way that will enable their success as CEO.

Succession candidates who emerge from an accelerated development program are energized by the opportunity and humbled by it. They have a greater knowledge of who they are, what they are capable of, whom they need around them, and how they can remain resilient. These are the people boards should be seeking to develop as CEO candidates: those who will rise to the occasion, whatever that may be, prepared to lead themselves, the organization, and everyone around them toward a common vision.

Board Due Diligence on Succession Candidates

Boards have a duty to all stakeholders to identify and vet prospective successors, employing a process that results in a well-rounded view of each candidate’s strengths and gaps, and then supports development programs that will close gaps and create the most capable CEOs and other top leaders.

Here are five recommendations for boards:

1. **Strive for a four-dimensional balanced view.** The skills and experience listed on a candidate’s resume are just the most visible part of the picture. Of equal importance to their success as a CEO are the traits and drivers that make them who they are; these can and should be ferreted out. In addition, boards should assess whether candidates possess the skills, competencies, and experiences required to handle the challenges of the CEO role.

2. **Sidestep the extrapolation trap.** To assemble the most accurate picture possible, aggregate many data points from interviews and other exposure to the candidate, psychometric and simulation assessments, as well as from others who know and have worked with him or her. Don’t discount your own experience or what you’ve heard, but make sure it’s properly weighted.

3. **Avoid the clone mentality.** The current CEO may have done a great job, but someone very different may be needed as a replacement, depending on internal and external conditions and challenges. Let the strategy and linked multi-faceted profile serve as the “north star” in your succession plan rather than any preconceived notion of what the next CEO should be.

4. **Recognize that there is no perfect succession candidate.** Every potential successor has strengths and weaknesses. Even the best-qualified, best-prepared CEO successors will never be quite ready to step into the CEO role until they’ve done it. Be-
cause it is a one-of-a-kind role, serving as CEO is not really something one can totally prepare for, but strengths and gaps can be identified and readiness accelerated. The trick is to determine which gaps can be adequately addressed in the time available.

5. Build on strengths and close critical gaps. Determine what a candidate’s individual strengths and weaknesses are—lack of critical experience, leadership style issues, or others—and address any shortcomings with the right intervention, such as additional development assignments and an accelerated development program. Early intervention is always better to ensure preparedness. Make sure to match the proper development intervention to the gap identified for development.

Boards should employ a dual focus on current and future organizational needs to develop multiple generations of leaders. Identifying an excellent CEO successor is the immediate goal; cultivating two to three generations of CEOs is the broader objective. The best companies link their overall leadership development process to their CEO succession planning process with the understanding that a robust leadership pipeline is essential to sustain the organization into the future.

Jane Edison Stevenson is global leader for CEO Succession and vice chair, Board & CEO Services at Korn Ferry; Stuart S. Crandell is SVP, Korn Ferry Institute; and Dee Gaeddert is senior partner at Korn Ferry.