

# CEO SUCCESSION PLANNING

PRESENTED BY:

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c. myers corporation



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## SCOPE OF TODAY'S DISCUSSION

Considerations for effective Board  
readiness in a **planned** CEO succession

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## ABOUT C. MYERS

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- We have the experience of providing actionable decision information to over 550 credit unions
  - 50% of those over \$1 billion in assets
  - 25% of those over \$100 million in assets
- Leadership Development, Strategic People Planning, Strategic Planning, Process Improvement, Project Management, ALM
- Facilitate 150+ strategic engagements each year

*Think to differentiate. Drive better decisions.*

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The point at which you address an issue is directly related to the number of viable options you will have to solve it.

—Cliff Myers  
1922-2000

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# 1 in 3

## CEO successions fails.

—McKinsey Quarterly

May 2015

### MINDSETS NEED TO CHANGE

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We decided years ago Jim will step in if something happens to Laura

We need change so we have to get an external candidate

The CEO has already selected her successor

Pat has not mentioned retirement so we are ok

The two internal candidates aren't great but at least we know them

Tom has earned the right to be CEO – he has been here for 30 years

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## IF YOU ONLY REMEMBER ONE THING...

Board's **Most Important Job**

=

**Having** the Right CEO

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## SURVEY QUESTION

At your credit union, how many great internal candidates are ready to be CEO within the next two years?

- 0
- 1
- 2
- 3
- 4+

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## **SURVEY QUESTION**

How would you evaluate the overall effectiveness of your current CEO succession planning?

- Non-existent
- Exists...but I don't really remember it
- Have one but I'm not that confident in it
- Good
- Excellent

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## **IMPORTANT BUT **Not** IN TODAY'S SCOPE**

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- Unplanned CEO departure
- Culture of CEO readiness
- CEO transition
- Onboarding a new CEO

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## **GOAL**

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Multiple  
Great Candidates

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## CEO SUCCESSION PLANNING

is primarily an exercise in  
**Continuous Leadership Development**

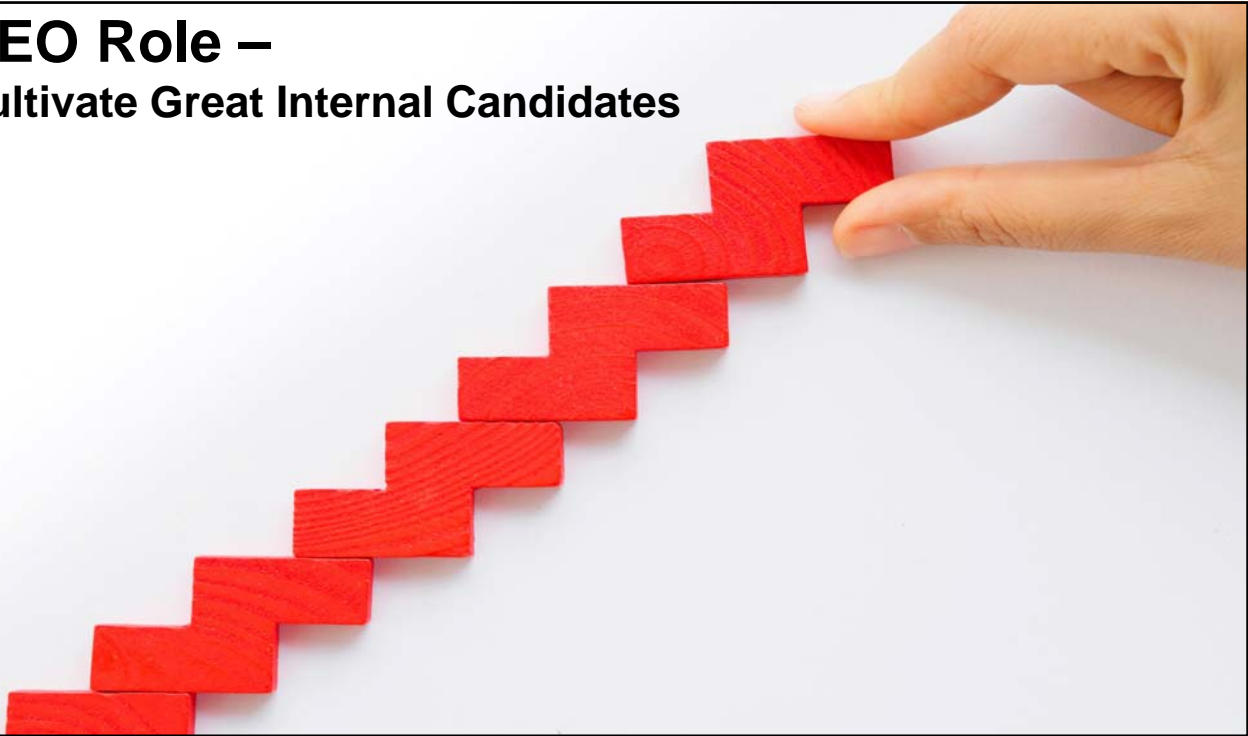
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A forward-looking, multiyear planning process that involves the incumbent CEO would increase the odds of success.

—McKinsey Quarterly  
May 2015

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## **CEO Role – Cultivate Great Internal Candidates**



### **5-STEP PROCESS**

1. Where are you today?
2. Where are you going?
3. What do you want?
4. Who do you have?
5. How do you move forward?



## STEP 1

# WHERE ARE YOU TODAY?

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## WHERE ARE YOU TODAY?

- Effective business model?
- Strategic progress and growth?
- Love our culture?
- Right talent?

**WRITE  
IT  
DOWN**

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## STEP 2

# WHERE ARE YOU GOING?

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## WHERE ARE YOU GOING?

- Strategic clarity?
- Fundamental changes in consumer experience, talent, technology, etc.?
- Positioned for long-term member value?
- The next 100,000?
- \$1,000,000,000?

**WRITE  
IT  
DOWN**

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## STEP 3

# WHAT DO YOU WANT?

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## WHAT DO YOU WANT?

From your future CEO?

**WRITE  
IT  
DOWN**

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## **NON-NEGOTIABLES?**

- Previous CEO?
- Inside the CU industry?
- Outside the CU industry?
- Level of education?

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## **WHAT DO YOU WANT?**

Get agreement on decision filters.

For example:

- Leadership style
- Competencies
- Discipline background

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## REALITY CHECK = PRIORITIZATION



## LEADERSHIP STYLE

Traditional Strategic  
Fails fast Intellectual Plays to win  
Cautious Creative Collaborative  
Charismatic Plays to not lose  
Decisive Operational excellence  
Risk-taker Directive  
Drives learning environment  
Emphasis on efficiency and production  
Talent motivator and developer

## RANK YOUR PRIORITIES

1 = TOP PRIORITY

LEADERSHIP STYLE	AVG	LOWEST	HIGHEST
Strategic	2.1	4	1
Creative	2.9	5	1
Decisive	3.1	6	1
Collaborative	3.3	5	1
Intellectual	4.6	6	1
Charismatic	5.9	7	4
Risk-taker	6.1	7	4

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## SCORE THE CANDIDATE

LEADERSHIP STYLE	Candidate 1	Candidate 2
Strategic		
Creative		
Decisive		

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## **PRIORITIZATION**

Get agreement on decision filter priorities.

For example:

- Leadership style
- Competencies
- Discipline background

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## **STEP 4**

# **WHO DO YOU HAVE?**

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## **Who Do You HAVE?**

Agree on how candidates will be evaluated

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# **The 40/70 Rule**

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## SCORE THE CANDIDATE

10 = GREAT, 1 = NON-EXISTENT

LEADERSHIP STYLE	Candidate 1	Candidate 2
Strategic	9.2	6.3
Creative	3.8	8.8
Decisive	6.7	4.9
Collaborative	4.8	5.9
Intellectual	7.6	7.3
Charismatic	6.8	7.8
Risk-taker	3.7	5.2

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## SCORE THE CANDIDATE

10 = GREAT, 1 = NON-EXISTENT

COMPETENCY	Candidate 1	Candidate 2
Multidimensional Thinker	8.3	5.2
Talent Development	6.8	5.9
Executes What Matters	5.4	9.5
Skilled Communicator	3.9	8.2
Aligning Business Model	7.7	6.3
Master of the "So What"	9.2	4.8
Navigates Quickly in the Gray	6.5	3.3

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# CEO READINESS RESULTS

LEADERSHIP STYLE	Candidate 1	Candidate 2
Strategic	9.2	6.3
Creative	3.8	8.8
Decisive	6.7	4.9
COMPETENCY		
Multidimensional Thinker	8.3	5.2
Talent Development	6.8	5.9
Executes What Matters	5.4	9.5
DISCIPLINES		
Lending	9.1	1.4
Technology	7.8	2.2
Marketing	1.3	9.4

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WHO DO YOU HAVE?

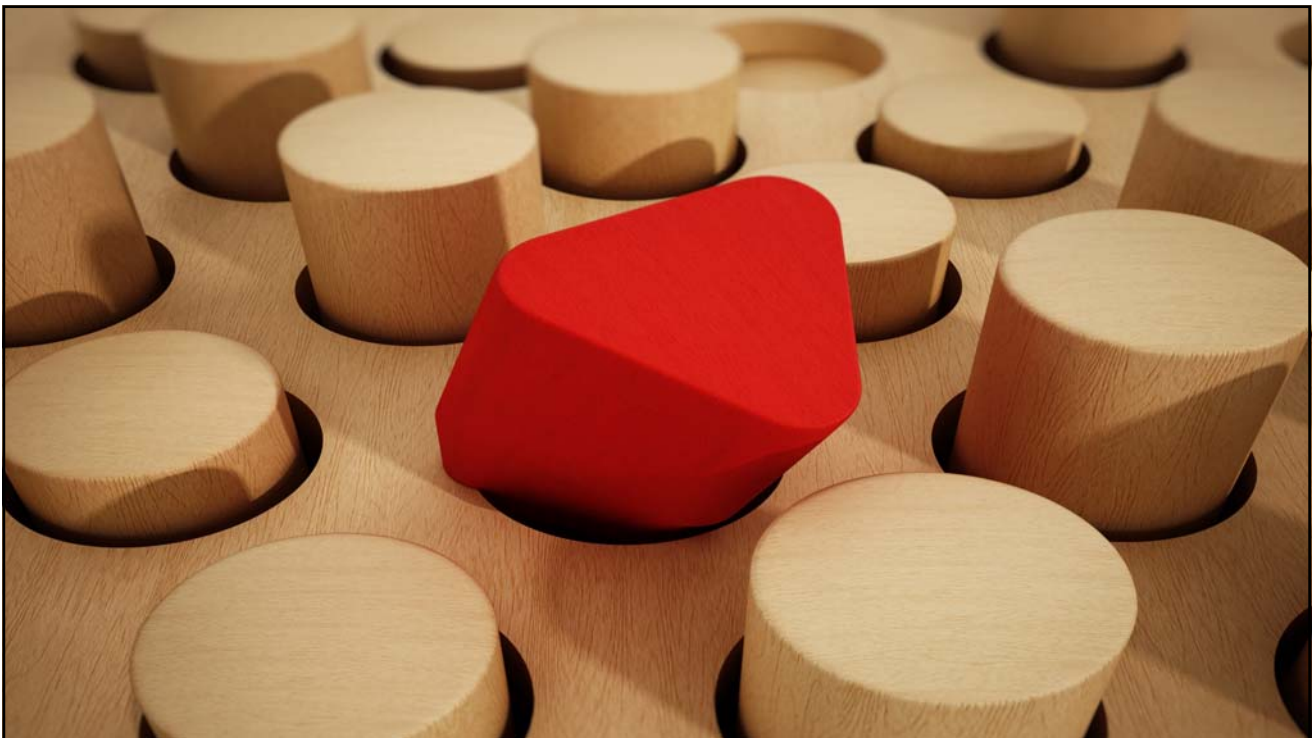
Internal **vs** External  
Candidates

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STEP 5

How Do You Move FORWARD?

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NOT Succession Plan

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Succession Process

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# Follow the **5** steps

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## **5-STEP PROCESS**

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Accomplish Goal:  
Multiple Great  
Candidates

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# Thank You!

We welcome your questions and comments.

Contact us at [cmyers.com](http://cmyers.com) or

**800.238.7475**



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