CEO SUCCESSION PLANNING

PRESENTED BY:

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CEO/Principal  
c. myers corporation

Tim Busby  
Vice President  
c. myers corporation

SCOPE OF TODAY’S DISCUSSION

Considerations for effective Board readiness in a planned CEO succession
ABOUT C. MYERS

- 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.

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
1 in 3

CEO successions fails.

—McKinsey Quarterly
May 2015

**MINDSETS NEED TO CHANGE**

- 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
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+
**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
IMPORTANT BUT NOT IN TODAY’S SCOPE

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

GOAL

Multiple Great Candidates
CEO SUCCESSION PLANNING

is primarily an exercise in
Continuous Leadership Development

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

—McKinsey Quarterly
May 2015
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?
WHERE ARE YOU TODAY?

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

WRITE IT DOWN
**STEP 2**

**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?
STEP 3

WHAT DO YOU WANT?

From your future CEO?

WRITE IT DOWN
**Non-Negotiables?**

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

**What Do You Want?**

Get agreement on decision filters.

For example:

- Leadership style
- Competencies
- Discipline background
REALITY CHECK = PRIORITIZATION

LEADERSHIP STYLE

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

1 = Top Priority

<table>
<thead>
<tr>
<th>Leadership Style</th>
<th>Avg</th>
<th>Lowest</th>
<th>Highest</th>
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<tr>
<td>Strategic</td>
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# Score the Candidate

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<tr>
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PRIORITIZATION

Get agreement on decision filter priorities.

For example:

- Leadership style
- Competencies
- Discipline background

STEP 4

WHO DO YOU HAVE?
WHO DO YOU HAVE?
Agree on how candidates will be evaluated

The 40/70 Rule
### Leadership Style

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<th>Competency</th>
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<td>Strategic</td>
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### Competency

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<td>Executes What Matters</td>
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<td>9.5</td>
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<tr>
<td>Skilled Communicator</td>
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<tr>
<td>Aligning Business Model</td>
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<td>6.3</td>
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<tr>
<td>Master of the &quot;So What&quot;</td>
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<td>4.8</td>
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<tr>
<td>Navigates Quickly in the Gray</td>
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# CEO READINESS RESULTS

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<thead>
<tr>
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<td>Technology</td>
<td>7.8</td>
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<tr>
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WHO DO YOU HAVE?

Internal vs External Candidates
STEP 5

HOW DO YOU MOVE FORWARD?
NOT Succession Plan

Succession Process
Follow the 5 steps

5-STEP PROCESS

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2. Where are you going?
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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.

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1922-2000

Accomplish Goal:
Multiple Great Candidates
Thank You!

We welcome your questions and comments.
Contact us at cmyers.com or
800.238.7475