



Succession Planning

Discussion Guide

► Overview

This discussion guide is used to facilitate the development of the success profile for the CEO and/or other top leadership positions. The success profile describes the leadership roles and critical competencies needed to execute the long-term strategy of an organization. Future performance expectations for the organization as well as both anticipated and unanticipated challenges define the long-term strategy.

The following topics are addressed in this discussion guide:

- Strategic implications for leadership roles
- Future challenges
- CEO role definition
- Preliminary competency review
- Stakeholder expectations
- Future management team

► Strategic Positioning

The goal of this review is to define the upcoming challenges presented by the implicit or explicit long-term strategy of the organization.

Trends in Business	<p>What are the trends for the business over the next three years?</p> <p>What is the long-term competitive position?</p> <p>Are there regulatory changes or other external events that will impact the business?</p> <p>What are the expectations of stakeholders/shareholders?</p>
Historical Perspective	<p>What factors have contributed to the organization's growth?</p> <p>Will the pace of growth accelerate?</p> <p>How important is being part of the history of the firm in moving forward as a strategic leader?</p>
Organizational Competencies	<p>What are the core competencies of the organization?</p> <p>In a competitive business environment, which of these competencies can be leveraged as differentiators?</p> <p>What are the intangible assets of the organization?</p>
Business Model	<p>To what degree will new customer segments or products/services be introduced?</p> <p>Will the customer acquisition and retention approach change over time?</p> <p>What are the competitive differentiators?</p> <p>Does the business model include future acquisitions?</p> <p>What other business model changes (e.g., IPO) are likely in the next three years?</p>
Organization Culture	<p>What is the current culture in the organization?</p> <p>Does the current culture differ from the desired culture in the future?</p> <p>What role has leadership played in building the culture?</p>
Infrastructure Issues	<p>How would you define the core capabilities of the infrastructure (e.g., operations, marketing, human capital)?</p> <p>Does the organization have a brand as an employer?</p> <p>What investments are needed to maintain/build the infrastructure?</p>

► CEO Core Roles Definition

Listed below are the roles typically associated with the CEO or top leadership responsibilities. The goal of this review is to determine which roles are critically important for the future.

Strategist

- Sets corporate direction
- Shapes the long-term vision
- Makes decisions on key strategic issues
- Communicates and builds commitment to strategy among internal and external stakeholders
- Reviews the business model on a continuous basis
- Identifies internal and external opportunities (e.g., asset purchases) to build the business

Architect

- Establishes organizational structure
- Defines desired corporate philosophy, values and operating environment
- Defines core business processes

Ambassador

- Serves as spokesperson
- Develops alliances and joint ventures

Keeper of the Corporate Image

- Protects and builds brand equity
- Sets strategic marketing direction
- Sets tone and direction for relations with key external stakeholders

Policy-Related Responsibilities

- Translates corporate vision into organizational policies and plans
- Develops guidelines for use of corporate assets
- Communicates and builds commitment to policies and plans among internal stakeholders
- Integrates policies and plans into a coherent framework
- Ensures implementation of policies, directives and procedures
- Monitors effectiveness of policies, plans and procedures

Performance Management

- Sets corporate targets using balanced scorecard
- Translates the organization's strategy and performance targets into functional plans
- Reviews and approves functional plans
- Reviews functional performance against plans and external performance benchmarks

Operational Management

- Oversees the operations of the organization
- Establishes remedial approaches as needed
- Builds infrastructure to support plans
- Manages resources across functions
- Resolves critical shared resource issues

Functional Management

- Oversees financial function and compliance
- Builds the employment brand desired by the organization
- Manages public relations
- Manages sales and marketing efforts
- Manages major customer relationships

Process Management

- Ensures core business processes are in place
- Ensures effective management processes are in place at all levels

Human Capital Management

- Ensures the right leadership team is in place
- Leads the senior team
- Develops and monitors the succession plan
- Develops top leadership using a variety of approaches (e.g., coaching, mentoring)
- Ensures the reward structure encourages the highest level of performance
- Aligns the human capital strategy with the business strategy

Shareholder/Stakeholder Relations

- Promotes effective governance through support of board initiatives
- Customizes strategies to engage each stakeholder group
- Is sensitive to regulatory requirements and financial reporting requirements

► Leadership Competencies

The following leadership, managerial and personal competencies are often associated with success in executive and upper management roles in organizations. These competencies represent a starting point to further define the future leadership profile.

1.	Strategic Planning. Maintains long-term plan, with measurable objectives, for the organization. The plan reflects appropriate action steps and alternative strategies to accomplish specific objectives.
2.	Teaming with Management. Works with peers and other staff in an effective manner to accomplish goals.
3.	Team Leadership. Develops a cooperative and effective team and motivates others to perform at top standards. Serves as a model of effective leadership for the organization.
4.	Creating a High-Performance Organization. Understands the core competencies and skills required to meet the organization's challenges. Demonstrates the importance of professional development, rewards excellence and encourages professional development. Energizes and empowers subordinates, demands responsibility and accountability, maintains sufficient room for individual initiative, uses involvement, participation, and collaboration to make decisions where appropriate.
5.	Customer Orientation (Internal & External). Demonstrates sensitivity to customer issues, advises customers effectively, and promotes a strong internal and external customer orientation.
6.	Systems Thinking. Understands how the internal functions interrelate and takes a broad view of the impact of potential decisions. Demonstrates ability to look into the future and understands how current actions impact future successes.
7.	Change Management. Has tolerance for change and ambiguity and can manage through uncertainty. Can motivate staff through change, manage transition, and shape the political agenda.
8.	Innovation. Demonstrates a desire and willingness to learn and change established strategies, policies, and practices in order to improve effectiveness. Possesses a willingness to experiment and be creative.

► Managerial Competencies

9.	Regulatory/Policy Awareness. Understands the impact of regulations on the organization and demonstrates the ability to develop policies and procedures to address these issues.
10.	Financial Management. Understands the business issues and plans in financial terms. Has an effective understanding of the organization's "numbers" at an operational and strategic level. Develops sound business strategies and plans using key financial indicators to effectively manage and guide business processes.
11.	Globalization. Demonstrates a broad understanding of business issues including the impact and opportunities associated with international economics and global competition on the organization.
12.	Process Innovation. Effectively manages and operates the organization within established budgetary restraints with a goal of ongoing innovation in process design.
13.	Supervision. Possesses the ability to manage others, including the executive team, and establishes guidelines for team members to achieve functional goals through effective planning, delegation and utilization of resources.
14.	Performance Management. Uses goals, frequent performance feedback, assessments, and development to build capabilities in staff and direct their performance.
15.	Product/Service Strategy. Develops a comprehensive plan to define the market, identify customer requirements, develop appropriate products and services, and track performance of each product/service.
16.	Customer Service Excellence. Has a working knowledge of the customer base and drives programs to articulate and implement customer service strategies that exceed expectations.
17.	Effective Communication. Translates technical and complex issues into meaningful statements using appropriate communication tools.
18.	Policy and Procedure Development. Establishes procedures and controls needed to guide key activities and promote behavior that meets expectations.
19.	Organizational Development. Identifies opportunities to change or create roles, positions, reporting relationships and other organizational structures.
20.	Human Capital Development. Coaches and mentors other leaders and staff. Offers guidance on career progression and assists in the development of critical skills. Can frame business issues in development requirements for leaders.
21.	Risk Management. Has the ability to understand the various types of risks. Fosters educated decisions and weighs consequences with the expressed tolerance level for each type of risk.

► Personal Competencies

22.	Business Acumen. Understands the potential business implications of decisions.
23.	Analytical Capability. Analyzes issues from a variety of perspectives encompassing new and novel approaches. Uses information in an appropriate and efficient manner.
24.	Problem Identification and Analysis. Recognizes the existence of significant problems and develops a solution in a timely manner. Problem solving approach is based on: <ul style="list-style-type: none"> • Business strategy • Facts and data • Knowledge of motives of others • Political dynamics
25.	Flexibility. Modifies approach to reach an objective and demonstrates resourcefulness in finding different approaches, openness to new ideas, or re-trying things tried once before.
26.	Interpersonal Empathy and Influence (Emotional Intelligence). Encourages effective behavior through active listening, coaching, persuasion, and leadership by example; shows a genuine interest in the well-being of employees at all levels. Strives to understand the motives behind the actions of others.
27.	Mission Orientation. Models behaviors consistent with living the organization's mission. Demonstrates a commitment to maintaining a strong market presence, provides exemplary service to customers, creates value to and from employees and maintains a reasonable, long-term investment to shareholders.
28.	Personal Integrity. Models the values of the organization; is consistent with one's behavior toward others in maintaining organizational leadership; builds trust in others.
29.	Community Involvement. Demonstrates a long-term commitment to the community by sharing leadership strengths with the community.

▶ Stakeholder Expectations

Expectations for the CEO role and future competency requirements can be framed by defining the expectations for different stakeholders. Not only are current expectations defined, but anticipated changes in expectations for each stakeholder group are described.

- Current customers
- Prospective customers
- Board
- Shareholders
- Employees
- Vendors/Partners
- Community (define various communities)

▶ Leadership Team Management

Executive team leadership is an important component of the top leadership role. The specific team leadership skills can be further defined by addressing the following questions.

- Does the team participate as a group in important decisions for the organization?
- Are team members evaluated as a group or as individuals?
- What are the boundaries of individual team members? Is the team role well defined or flexible?
- Does the organizational structure require cross-functional collaboration?
- What type of communication is required between the CEO and the team? Among individual members?
- What capabilities, technical or strategic, will the CEO need to complement the leadership team's skills/competencies?
- How will the leadership team change over time?

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