# MU



everything successful leadership has taught us



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## Introduction

The Board and the CEO matter. Their impact is vast and everything from the result of their organisation to the individual success of its people depends on their effectiveness – short term and long term. Consequently, the cost of their failure is extraordinary, but so are the opportunities that can be realised by securing effective Boards and CEOs. And if these opportunities are to be realised, it is essential that the Board and CEO can be successful in the specific context of their organisation and its needs.

In extensive research conducted by MU, Board Directors and CEOs confirm that they expect and need more professional and objective service from their Executive Search partners and that the candidates put forward lack diversity. They also state most development work with Boards and CEOs does not offer business value. It is clear that a more reliable way of selecting and developing Boards and CEOs is required.

Conventional Executive Search approaches are not effective in predicting which CEOs will succeed or in assembling Boards that are successful. Only 50-60% of CEO and executive leadership appointments succeed.

In our "CEO Success Demystified" series, experts from the MU Board & CEO practice will advise you, step-by-step and based on personal experience, how to successfully select and develop Boards and CEOs.

MU provides a reliable alternative for Board and CEO acquisition and development. Our experts advice, based on MU Leader Selection Science<sup>®</sup>, leads to improved performance and diversity of leaders. Your organisation will outperform when an MU Expert partners with you to acquire your CEO and Board and advise on their effectiveness and development. Find out more about our science-based approach to the effective selection and development of Boards and CEOs at <u>www.mercuriurval.com</u>.



# Demystifying Successful CEO Recruitment and Selection

It's an everyday story. A well-respected firm is appointing a new CEO. On the same day as the new CEO is appointed, a new graduate trainee is employed. Expectations for the former are surely higher than for the latter, that's why the difference in the degree of scrutiny each hire will receive is peculiar.



#### The Graduate's Story

The prospective new graduate is subjected to an extensive battery of selection methods and processes – tests, interviews, profiling and more. It makes sense. After all, it is important to evaluate the contribution and potential of prospective employees – to look beyond the obvious. Beneath the résumé, how will they really perform – and what potential do they have?

#### The CEO's Story

Meanwhile, in the boardroom, a new CEO with 'the right résumé', 'the right connections' and 'a good fit' is swiftly ushered into post after discussions with the executive search consultant, interviews with the Board Chair and selected senior colleagues.

With an impressive résumé of prior roles and references from contacts in the new CEO's network the appointment is decided. A personnel assessment of the CEO, using psychometric tools, describes the leader's style in relation to some executive competencies.

For over 50 years the well-respected firm in this story has used the conventional way to appoint a new CEO, and there have been many appointments. The idea behind the approach is that experience in a similar past CEO job will translate to performance in a new job, and that preferred contacts of search consultants and executives can be placed with the highest confidence of success.

But even if the approach is familiar, it is peculiar. Leaders – and CEOs in particular – shape organisations success or failure, and despite their résumé and relationships, just like a new graduate trainee, appointed leaders must perform in a new role and context they have never experienced before. Surely to select a CEO more scrutiny – not less – is needed.

In any event, the real issue is this: Does the familiar story of CEO appointment lead to successful outcomes?

#### Only a coin-flipping chance for the CEO

Alarmingly, for nearly half of new CEOs things go wrong right at the start:

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Widely cited research indicates that nearly half of new CEOs don't make it past 18 months, and the costs of replacing them are staggering

- (AESC 'Minimize Risk', retrieved 2021, para 1)



Recent repeated studies have found that placed leaders often fail, and worryingly, that success rates are declining. Today, the chance of a successful ending to this CEOs appointment story is only 50-60%. Whether the candidate is internal or external, whether an executive search firm is involved or not and whether 'add on' personnel assessments are used or not the research is clear – the probability of a successful executive appointment these days is about the same as flipping a coin. This failure has a huge cost – to people, to leaders and to organisations' results.

#### A flawed and outdated recruitment model

Recruiting and selecting effective CEOs is difficult, especially when change is rapid. Unhelpfully it turns out that experience in a similar past job does not necessarily translate to performance in a new job, that known contacts of a search-consultant or executive do not secure selection of more effective leaders – especially where change is fast, and roles are complex. The extent to which the executive search consultant, hiring manager and candidate like each other is also highly unreliable in forecasting long term success at work (psychologists call this 'affinity bias').

Today, these flaws in the model are laid bare – with transparent measurement rapidly becoming the norm – risk and success rates in executive placement are well understood. Despite the many excellent Board Chairs, business executives and executive search consultants working in CEO recruitment, conventional approaches to executive appointment are being undermined by their own poor performance.

#### A more effective way to recruit your next CEO

Today and in the future, more effective CEO recruitment is imperative for success. In an ever faster changing world conventional approaches no longer fit. The performance problem must be addressed by recognising each organisation and CEO is unique. And amidst the difficulty of securing the most effective leader, it is essential to use a fair and ethical decision process. Organisations rightly demand better results, and leadership candidates expect a professional and inclusive process.

To be more successful in CEO appointments a more scientific, tailored, and inclusive method for recruiting CEOs is required. Rather than starting with a relationship or a résumé, recruitment must have the unique situation of an organisation and the result to be achieved, as a point of departure. Fact-based inclusion criteria must guide sourcing, to ensure a fair and inclusive procedure of diverse relevant candidates.

From a defined result that should be achieved, a method to reliably predict a plausible CEOs' ability to perform a given result should be used. The focus is put on determining predictive criteria, collection, and processing of data. This is accurate and disciplined work based on science – it requires an open and tailored approach in close partnership with decision-makers. Not missing or overlooking important details or being side-tracked by 'who likes who' or 'first impressions' – and it requires a systematic long-term performance follow-up.



#### **MU Board and CEO Executive Search**

In an MU CEO Executive Search, the analysis of the organisational demand for the leader and the precise context in which they operate, is as extensive as the identification of plausible candidates and assessment of the individuals. After all, a more reliable prediction is required, and context is critical. CEOs will succeed – or not – in a unique real-life situation, and not in a theoretical model of generalised leadership competencies.

MU Executive Search is a method used by our certified experts to effectively forecast a leader's behaviour and performance in relation to a specified result need, context, and leader task. MU Experts use a fair, fact-based, and inclusive recruitment service that is tested and proven to be effective. MU Executive Search excels where roles are more complex and fast-changing and success of appointment is essential.

By employing CEOs based on what they can do, matched to required results in a new role context, rather than on what they did before, who they know or how liked or 'generally talented' they are, MU Executive Search services assures reliable advice on including diverse leaders in the recruitment procedure and selecting the best possible candidate who will perform immediately. Further relevant potential is also reliably predicted.

Effective leadership and inclusive workplaces are best secured by using MU Executive Search for CEO appointment – a predictive, fair, and rational method that is consistently applied, regulated, and evaluated over the long term.

To find out more about how MU Board and CEO Executive Search can dramatically increase the effectiveness of your leadership decisions, contact our MU Board and CEO Expert team.



Richard Moore CEO & Partner



Mieke Weijenberg Global Head of MU Board and CEO Practice



Christian Schaffenberger Global Head of MU Board and CEO Practice



# Acquiring the Right CEO to Rewire Your Culture

Are you facing the challenge of finding the right CEO to steer your company in a new direction and change a stagnant culture? This guide will provide valuable insights and strategies to achieve this transition successfully while retaining valued employees.



**Doris Hofmeister** MU Board and CEO Practice Europe & Partner

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Assessing the Current Situation: Before embarking on the search for a new CEO, it's crucial to understand the existing challenges within your organisation. Identifying these challenges is the first step towards addressing them effectively.

Defining the Desired Culture: Determine the kind of culture you want to cultivate within your company. Clearly outline the values, attitudes and behaviours that will support the desired culture.

CEO Search with a Holistic Approach: In the search for a new CEO, take an approach that considers the broader context. Look beyond technical expertise and focus on finding a candidate who aligns with your desired corporate culture, who effectively can manage teams and possesses the necessary leadership qualities to succeed in your unique context. At MU, we work with a science-based method that incorporates specific context, assessment tools, personality examinations and evaluating the candidate's values and work style.

Assessing Candidates and Recommending the Right Fit: Conduct thorough assessments of CEO candidates using a variety of tools and methodologies. These assessments should enable you to compare each candidate's compatibility with your desired culture and their potential for sustainable success. Consider their experience, leadership style, ability to adapt and potential for growth. Based on these assessments, provide a recommendation for the best candidate who can lead the transformation effectively.

Successful Onboarding and Integration: Once a new CEO are hired, it's crucial to ensure a smooth onboarding process. Provide the necessary resources and support to help they integrate into the organisation seamlessly. Encourage open communication, establish clear goals and align their strategies with the company's vision. Engage the existing employees in the transition and emphasise the benefits that come with the new leadership.

Monitoring and Adjusting: Monitor the progress of the new CEO and the cultural transformation. Regularly assess their performance, collect feedback from employees and make necessary adjustments to the strategies if needed. Stay committed to fostering a positive and inclusive work environment that supports the long-term success of your organisation.

By following this guide, you can successfully hire a new CEO and navigate a culture change without losing valued employees. Remember to focus on the specific context, assess candidates holistically, embrace their strengths and foster a supportive and collaborative work environment. With the right leadership and a shared vision, your company can thrive and achieve sustainable success. *CEO SUCCESS* ► EMYSTIFIED



# Changing the Culture of a Company

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By Doris Hofmeister



**Sometimes,** the most surprising results for an organisation can come from within. Self-reflection is always important for an organisation, especially for a company with an entrenched culture. This case is a great example of that.

It all started after a rather extensive executive search project for some high-profile leadership positions for a client. As the project came to an end the CEO wanted our advice on how to change the

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A somewhat old-fashioned and inefficient mentality was noticeably present

organisation's culture towards becoming efficient. A somewhat old-fashioned and inefficient mentality was noticeably present, so we proposed to conduct a leadership development review of the entire management layer to figure out if the leadership team were willing, motivated and able to change.

This culture change really became a priority when the organisation added another company to its portfolio and realised that it needed to rework its overall profile and hire new leaders. As a response, they embarked on a slew of different executive search projects, however, the initiative that proved to be vital for their transformation was the leadership assessment of the organisation's entire management structure. This type of culture change project is not an easy task, but the trust in our communication and approach was already established from our previous work with the company.

#### Identifying Issues and Working Towards Solutions

The findings from the leadership assessment were quite surprising for the organisation. Instead of having many of the long-term managers breeze through, which initially was assumed, it quickly became apparent that some of the veterans would not be able to clear the leadership assessment. And since they had come to trust our judgement following our successful search project, they now turned to us for advice on this matter.

Through our analysis we determined that the problem first and foremost was a non-existing will and motivation to change among individuals, but there were also capacity issues to keep up with the new demands. We recommended them to confront the most critical issues and work with the leaders who were willing to change. We also offered executive coaching to support the ones in need of guidance.

This case reinforced the idea that the best insights sometimes come from challenging the norm and the entrenched thinking. Because in the end, it is all about assessing whether or not you have the right leaders in the right positions. If not, you need to identify the issues and be willing to work towards a solution. And it is in cases like these where our thorough leadership assessments and measured reliable advice can make a difference for the client.

Through our analysis we determined that the problem first and foremost was a non-existing will and motivation to change among individuals



# Deciding on the Right CEO Role for Yourself

As a CEO, the decisions you take are numerous and extensive. Many of your decisions have a major impact on other people and on your organisations results. None-the-less one decision is more important than all the others.



**Christian Nyhlen** CEO, Krinova Incubator & Science Park



Richard Moore CEO & Partner, MU





#### Deciding on the Right CEO Role for Yourself

#### What is the most important decision any CEO must take?

Whilst the Board are formally accountable for the appointment of a new CEO, it is the CEO that decides to accept the CEO job – or not. This is the most important decision you will ever take as a CEO, and to be a successful CEO you must get this decision right. Alarmingly, nearly half of new CEOs get this decision wrong and don't survive past 18 months.

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Widely cited research indicates that nearly half of new CEOs don't make it past 18 months, and the costs of replacing them are staggering

— (AESC 'Minimize Risk', retrieved 2021, para 1)

As **Christian** puts it when summarising scientific research and his own practical experience:

"Whichever organisation you take on the CEO role challenge in, congratulations on your new appointment. The bad news is that there is only about a 50% chance your appointment will succeed, so a very good chance you won't be in the role in 18 months. That is basically a coin-flip."

The good news is, and **Christian** goes on to say:

"Despite the alarming frequency of failure in new CEO appointments, with all the damage it does to you as a CEO and the organisation you serve, there are concrete steps you can take to dramatically increase the probability of success."

To get this decision right, understand it for what it really is, comments Christian:

"Deciding to take on a CEO role is to get a very important and difficult prediction right – to determine if you are the best possible choice for the organisation. Rather than sell your credentials, analyse the situation and yourself. Start with what must be achieved."



#### What does a successful CEO need to achieve?

Richard comments that CEOs must succeed in multiple dimensions:

"A newly appointed CEO needs to achieve in three dimensions. Firstly, they must achieve results. Secondly, they must positively impact the culture – the collective values, beliefs and principles of leaders and colleagues in the organisation. Only by delivering results and making an effective organisational contribution, does a new CEO create the opportunity to succeed in the third dimension – to develop themselves, their team, and their leaders longer-term."

Even though each CEO role is unique, these three dimensions are always present: short-term results, impact on culture, develop self, team, and leaders for the longer term. **Christian** adds:

"To beat the odds, and succeed as a CEO, you'll need to achieve in all three dimensions – and know that success in one at the cost of the others will not be sufficient. That makes it essential to take a balanced analytical approach to what is required, and objectively evaluate your suitability."

#### How to get the most important CEO decision right in three steps

**Christian** is used to helping Boards and CEOs address this question. At a point when it may be tempting to sell yourself, step back and look at the facts:

"You will need to follow the steps you would use for any other important decision. A thorough analysis of the CEO task you are considering, getting advice from suitable expert, and evaluating your own suitability objectively and based on facts. Doing this well will enable you to make a valid prediction – will you succeed in this CEO task, or is someone else better suited to it?"

**Richard** comments that much is known about the science of human error in recruitment decisions, but what science tells us is not always followed when CEOs decide which role to take:

"Accurately predicting whether you will succeed requires that you control the errors found in conventional approaches to CEO appointment. It's these errors that lead to the coin-flip outcomes Christian described. If you allow yourself to be guided by science – to use knowledge and facts to make evidence-based decisions – you will make more sound career choices. In that case of taking a new CEO role, there are three main errors often found – to overcome them be precise, be systematic and be objective."



#### Step one: Don't generalise - be precise

To make an accurate prediction about success in a new role, you need to effectively forecast how you will behave and perform in it. **Richard** remarks:

"Each CEO role has a precise result need, context, and CEO tasks that you have never experienced before. So, when evaluating if you have the competencies needed, look closely into the unique context of the new organisation, and determine what is required in the CEO role now, and in the future. Just because you have been a successful CEO before, does not mean this role is a good match for you. Science guides us that in this decision, context is the key."

**Christian** continues that there are a few key questions any prospective CEO needs to answer thoroughly:

"The best way to think about a new role is to use the three-dimensional framework for leader success that Richard commented earlier. I express them in three questions you should answer thoroughly:

- Short- and longer-term achievements: What are the immediate results and task performance required of the CEO?
- Impact on culture: In what environment must results be achieved and how should the new CEO impact the organisation's culture to ensure its success?
- Develop self, team, and leaders for the longer term: What future changes in the task or environment are envisioned and so what long-term development will be required?"

**Christian** summarises that a key point is to know that success in one CEO role, does not directly translate to success in another:

"The fact you have been a successful leader or CEO before does not mean you will succeed in this new role. Only a precision analysis that secures your self-selection decision is not based on stereotypical considerations or general ideas, but rather on predictively relevant specific criteria will suffice."

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The fact you have been a successful leader or CEO before does not mean you will succeed in this new role



#### Step two: Don't shortcut - be systematic

**Richard** comments that the way to avoid missing important information in any decision – including vital career moves – is to stick to a sound structure in analysing the new role and its requirements:

"When assessing the new organisation you may join, make sure that you are systematic to avoid irrelevant information and analyse the role and its context thoroughly. Although every CEO challenge is unique, the scope of what organisations need to achieve is not. Analysing these 5 areas effectively will ensure a systematic analysis of the organisation and dramatically reduce the chance of a shortcut that will lead to a decision error:

- What is the market and context, now and in the future?
- What results need to be achieved and how ambitious are they given historical performance and context?
- What efforts are required in terms of both shorter-& longer-term strategies?
- What organisation is needed, for success, and what is the gap to the current setup?
- What leadership and people capabilities are needed in this organisation to create success at all levels, and what is the size and nature of the gaps?"

**Christian** goes on to underline that this form of analysis is common practice to CEOs but is often not used when your own career decisions are made:

"Systematic analysis makes sure information is properly understood and the decision is well underpinned. As a CEO you use these methods all the time to decide on investment cases, buy new IT platforms, make large risk calculations, etc. What is important is to do likewise in the decision about your career, a systematic analysis of the organisation you may join as CEO is vital to making a good decision. So, collect industry analysis reports, interview Board members and leaders in and around the organisation and consult experts. Don't shortcut just when effortful decision-making is most important."

#### Step three: Don't trust your gut - be objective

When researchers study selection errors, especially at a senior leadership level, they discover that more experienced leaders like CEOs typically perceive their instincts have improved with experience. **Christian** comments simply:

"They are wrong, instinct does not improve with experience."

They are wrong, instinct does not improve with experience **Richard** adds that after you have accepted your gut instinct is likely to be a source of error, you have to be objective and thorough in your own self-appraisal:

"To overcome impression-based decision making – gut instinct – you'll need to assess yourself as accurately as you have analysed the new role. A fact-based evaluation of what competencies and abilities you bring to the CEO role – in relation to your analysis of the specific role requirements – is a vital step. Whether you like the people you meet at the interview or respect the Board chair based on their reputation or feel an affinity to the brand is not important. What is important is to be able to understand and clearly describe if you factfully match the performance requirements on the CEOs task."

**Christian** adds that a common source of error at this stage is a failure to define the few most important decision criteria:

"Focus on a small number of the most important facts to limit the amount of distracting information and zone in on the core criteria. What vital few result capabilities are required for success, and do you have them? And use an independent expert able to understand the business situation and CEO role requirement – so expect, even demand, your new employer to have you properly assessed."

To sum up, **Christian** concludes:

"In all our lives science helps us so much. Through applying science to your most important CEO decision – do I take the CEO role or not – you will be more assured to succeed. After all, the only CEO that can succeed is the CEO that is in the right role for them." *CEO SUCCESS* ► EMYSTIFIED



# Designing Your Own Onboarding Plan as a CEO

CEOs make and oversee many plans but one plan stands above all others: the CEOs own onboarding plan. Get this plan wrong, and the Board will need to find another CEO who can get it right.



**Christian Nyhlen** CEO, Krinova Incubator & Science Park



Richard Moore CEO & Partner, MU





#### What is the most important plan any CEO must make?

Alarmingly, for nearly half of new CEOs things go wrong right at the start:



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----- (AESC 'Minimize Risk', retrieved 2021, para 1)

An effective onboarding plan will significantly impact your probability of success. As **Richard Moore** puts it:

"Science helps us a great deal with getting a successful start in a new role. Research from the MU Research Institute analysed the decision process leading to CEO termination. A key finding is that decisions to stop a new CEO typically take much more than 12 months to execute. Putting that together with other research into typical length of service for new CEOs, this means decision to stop a new CEO is taking place at around 6 months. Already in the first months, Boards are often concluding that the appointed CEO won't succeed. With odds like this and such a short period to demonstrate effectiveness, planning for a fast start is vital".

The good news is, as Christian Nyhlen goes on to say:

"The speed of failure in new CEO appointments is alarming. However, a good onboarding plan does dramatically increase the probability of success. Even if every plan is unique, the structure of what you need to include and how you should review and adjust it is simple. As science tells us much about how leaders develop in a new environment, entering a new C-level role successfully can be effectively managed".

#### What does a successful CEO need to achieve in their onboarding period?

Richard comments that CEOs must succeed in multiple dimensions:

"Firstly, they must achieve results. Secondly, they must positively impact the culture – the collective values, beliefs and principles of leaders and colleagues in the organisation. Only by delivering results and making an effective organisational contribution, does a new CEO create the opportunity to succeed in the third dimension – to develop themselves, their team, and their leaders longer-term. Your onboarding plan should focus on specific goals that can be measured – and these goals should encompass result achievement, organisational contribution, and your own learning".



Even though each CEO role is unique, these three dimensions are always present: business results, organisational contribution, self and team development. **Christian** comments:

"To get off to a fast start you'll need to demonstrate achievement in all three dimensions quickly – and know that success in one area – at the cost of the other two will not be sufficient. So your plan should be well balanced, result orientated and closely followed up – covering both the action you will take and the stakeholder relationships you will develop".

#### Follow these 3 steps to get the plan right

An effective onboarding plan makes sure these simple – but commonly overlooked steps – take place. As **Christian** comments – *"There are no shortcuts to getting it right"*:

- Create a precisely tailored 100-Day Plan with clear goals and measures
  - Create an effective Stakeholder Management Plan
- Systematically follow up of your 100-Day Plan and Stakeholder Management Plan.

#### 1. Create a precisely tailored 100-Day Plan with clear goals and measures

**Richard** points out that science explains leaders success in a new role is defined to a large extent by the specific role context. Understanding the context is key for any new CEO:

"The success of CEOs is determined by the specific context in which they operate and the goals they must achieve in the short and long term. Generic advice on how to succeed in a new role is not effective because each situation is unique. Success requires understanding the precise situation and planning accordingly. MU recommends using a checklist to create a tailored 100-day plan for CEO success".

Christian describes the areas covered in such a plan:

"Consider these questions to structure a solid plan – and consider your own will and capacity to pursue the action required. Your plan should be stretching but achievable!

What action(s) are you able, and willing to do?
When will the action be completed (and what support is needed, if any)? How will the action impact the development result(s) to be measured?

How can your new work environment be adapted to ensure action success?"

#### Simplified MU Experts Onboarding Checklist

What are the short-term results you must achieve (within 6 months, 12 months, and 18 months)

- Customers/Client results (e.g., sales performance, customer satisfaction)
- Organisation and People (e.g., productivity, diversity, restructure)
- Finance and Governance (e.g., reporting, control, risk management)

## What organisational contribution, beyond specific results must you have:

- Impact on other leaders (e.g., leadership behaviour, team effectiveness)
- Impact on culture (e.g., cooperation, innovation)
- Impact on stakeholders, customers, partners (e.g., clarity of focus, positioning)

## Long term development of your capability and the performance of your team/organisation:

- Analysing and scenario planning risk and opportunities for the long term; potential transformations (e.g., vision, and interim milestones)
- More effective business operations and leadership (e.g., efficiency programmes, cost opportunities)

Your own learning and development, and that of your team and Board (e.g., closing skills gaps, acquiring new capabilities for new needs)



#### 2. Create an effective Stakeholder Management Plan

**Christian** remarks that one of the most important aspects of a successful onboard is to ask stakeholders the best possible questions right at the start. These will help to build your plan effectively and create the basis for a trusting relationship:

"Ask your stakeholders some powerful questions, beyond regular information gathering ones:

- What are the most important business objectives in the short-term and longer-term?
- What should your new CEO do (tasks)?
- How should your new CEO work (behaviour)?
- What should the new CEO achieve (results)?
- What organisational contribution (within and beyond their role) is required?
- How can the leaders in the organisations develop?"

**Richard** adds, that new CEOs have so much to gain from leveraging a strong stakeholder network:

"The selection of diverse stakeholders will increase your insight and influence. As a CEO, much of your development should focus on strengthening your network. And a large part of CEOs impact relates to the network 'power' they can bring to bear on problems and opportunities. A strong network also increases your opportunities to get valuable feedback".

So how should you approach building and pursuing a stakeholder management plan in practice, ponders **Christian**:

"A good stakeholder plan helps you understand the diverse views and capabilities you will need to harness. It will give insight regarding what to do and how. And it allows you to build trust, manage risks regarding how you are perceived and ensure the work you do is understood. Stakeholder management will ensure you build relationships, learn about the impact you have and how to sharpen and control it".

#### Follow this advice to make an effective stakeholder plan

- List your stakeholders and your plan towards each of them. Review it every week. Make sure the scope is right by asking your Board and leadership team who should be included. Think about colleagues at all levels, including suppliers and partners. Who has the most influence on you, your success and your organisation? (Remember influence is not the same as power, those with the biggest impact are not always found at the top of organisation charts.)
- Stakeholder plans are not a fixed list, they develop organically. Regularly update the plan with new names and keep a running status of those you have to manage. What is your ultimate goal with each of them? What action do you need to take towards them next, and when?



Take a leaf out of any successful C-level salespersons book, they are the most skilful in stakeholder management. In their customer account planning and deal-winning process, they at least consider:

- Importance: How much influence do they have on your success (high/medium/low)
- Perception: How does the stakeholder perceive you? (Advocate, supporter, passive, detractor)
- Closeness: How well do you know their business and personal agenda (very well, well, unclear, no idea)

#### Christian concludes:

"A good idea is to track information about key stakeholders – how can they be influenced, what help can they give you, what network can they connect you to, what is their expertise and what are their plans? Even for an established CEO – how sure are you about your stakeholders? Your relationships are never stable".

#### 3. Systematically follow up of your 100-Day Plan and Stakeholder Management Plan

With an effective plan in place, it's time to make sure you follow up on progress effectively. Christian again:

"It is simple. Know how you will measure the impact of you onboarding actions: Precisely tailor your action towards specific outcomes. Decide how you will measure your organisational impact and which knowledge gaps you want to close - i.e., what must you learn about your new organisation, yourself, and your team to have the required impact".

More practically, how should a new CEO describe their onboarding and stakeholder management plans? Richard comments:

"Well as Christian states it is simple to review a plan, but that does not always make it easy in practice. When you actually look at how CEOs follow up on their onboarding plan, it is often adhoc, informal or unstructured – even lost from agendas altogether. What is most important is to get into a habit of structured progress review".

It is simple. **Know how you will** measure the impact of you onboarding actions

Richard and Christians' advice for following up and reviewing 100-day plans can be summarised as follows:

- Write the plan with precise actions and times, so you know when things should be done. Review it every week or two. What is done, what must be done next and what result has been achieved. Adjust your plan as needed based on you own learning and stakeholder input.
- You should ask for structured, periodic reviews with the Board Chair to ensure alignment and agreement on plans. The Board Chair should support the CEO and place significant effort into making them succeed. If they are unable or unwilling to help, the CEO should find alternate senior advisers who can assist.
- Share progress with your leadership team be clear about what is achieved and what needs to be done next. You are the CEO, but especially in the beginning, they will most likely have a clearer idea of how to achieve things than you. New CEOs don't succeed in isolation – you can't succeed if your leadership team doesn't succeed as well. In time you may need to change your leaders, but you also need to release their potential first.

What you work on matters. Who you work with, and how they work with you, is as important. Your actions and your stakeholders will define your success. EMYSTIFIED



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# Building a Successful Strategy as a CEO

CEOs lead purpose, direction, and execution. And people are central to all. Whilst Boards may have the formal accountability for strategy, it is the CEO who has the task to propose your strategy and explain how it will be executed and measured.





**Christian Nyhlen** CEO, Krinova Incubator & Science Park



Richard Moore CEO & Partner, MU



#### How to build a successful strategy?

The CEO strategy task is unique – to set the direction for the enterprise. As **Angus Flett** remarks:

"Deciding on strategy is not a democratic process, but one based on both facts and conviction and owned by the successful CEO. Architecting an effective strategy is a science and an art. The science part is based on facts and logical arguments – what can be achieved based on what strategic effort. When it comes to the science of strategy there is much knowledge about how to scope and measure strategy that CEOs can leverage. The art of strategy is about the crafting of a compelling narrative or story, here people leadership is the key, and the CEO must use their team to engage and create followers."

#### Christian Nyhlen continues:

"Research into effective and ineffective strategy execution clarifies that to be successful in the strategy task, the CEO must first be able to also secure that the organisation's purpose, mission, direction, and vision are clearly formed and aligned. Then an effective strategy can be scoped and, ultimately, the best possible strategic choices made. As the CEO, you need to create strategic direction that is followable – even inspiring – and yet to still underpin decisions with hard researched facts and not personal opinions (i.e., what market share can we realistically change; how can we effect our margin; what talent can we attract to execute our plans, etc.). Continuously securing that the organisation has a common understanding of the direction and what should be achieved, boosts both selfleadership and proactive behaviour. The combination of this focus on communication and using fact-based logics in strategy development are in themselves success factors."

And **Richard Moore** points to why there is no possible standard solution for effective strategy development, but there are important conditions:

"To build a successful strategy, the unique circumstances of the organisation, its results needs, and success criteria must be agreed between the CEO and the Board. Effective CEO and Board working is vital for strategy formulation, as is a proper analysis and the development of a compelling strategic narrative. Only with the precise context commonly understood – the situation, the results needed, the options available, the direction chosen – and with the people dynamic functioning well – can the foundations for successful strategy work be laid."

Christian continues with a focus on how science can help:

"Strategy is nowadays a well-researched area. We know that each organisational context and so strategic effort, is unique. Nonetheless we also know that there are sound frameworks available to use to ensure the right strategic questions are asked. Whilst you may choose to work with Strategy Consultants, today it is also possible to use well-



proven frameworks without such help. However the task is approached, reflecting on it from a scientific basis will help. After all, the CEO strategy task is simply the systematic analysis of a complex issue and the creation of a valid hypothesis. Conduct research, formulate an evidence-based theory and identify the steps that are needed to achieve the objective. Consider what effort is required and what resources are available - human, technological, materials (products or IPR) and funding, and test the theory to learn and change as needed."

What should the scope of a sound strategic analysis be? **Richard** picks up the topic:

"I would put forward 4 core question areas, that if answered effectively, will secure a sound strategy analysis and cover the systematic analysis Christian refers to. They cover the core elements of a strategic plan and can be looked at past-presentfuture:

- Market & Company Context
- Results Requirement, Gaps and Opportunities
- Organisational Effectiveness
- People Capabilities

Of course, there are many other questions you may need to ask unique to your context, but this scope will give you a well-proven and comprehensive base. For examples of specific questions you might ask related to these four areas, see the information box."

And in analysing and building a strategy with the required scope, **Angus** adds two principles from his practical experience.

"Once you understand the scope of a sound strategic analysis it is valuable to apply two rules:

- Address the required scope with the end in mind. What should eventually be achieved? This may sound obvious, but in their excellent book 'Working Backwards' Bryar and Carr explain simply how to do this properly. In my experience CEOs and strategic planners can be too fast to focus on internal strategy drivers rather than building them around customer need and future value creation.
- Make sure you have time-bound measures in place. Interim goals for your long-term vision and measurement of your strategy implementation are important. One year is too short, ten years too long so break strategy followup down to interim steps of three to four years. Strategy is about effort to get to

#### 15 Questions to scope a sound Strategy Analysis

- 1. What does your data tell you about where your organisation stands now?
- 2. What is different from where you stood last time you reviewed the data?
- 3. How are the customer needs and how your organisation addresses them affected by change?
- 4. Which customer segments and locations will you prioritise next?
- 5. Should your future market goals change, if so, how?
- 6. What competitors will you face? How will you benchmark?
- 7. What position will you take towards stakeholders and society?
- 8. What type of financial performance will you plan to achieve? What KPIs will you choose?
- 9. How will you foster organisation strength?
  - Operating Model
  - Organisation Design
  - People Capability
  - Technology
  - Infrastructure and IPR
- 10. Which stakeholder relations and position in society will you develop?
- 11. What adjustments to vision, mission, value proposition and goals are needed?
- 12. What changes to operating model, organisation structure, technology, leadership, and management are needed?
- 13. Which leaders do you need to achieve the results required and how will you attract and select them effectively?
- 14. Where in the organisation should leaders be placed so they perform optimally?
- 15. What people capabilities do you need to build?

results. What are your proof points that will show your strategy is executed over three-to four-year periods? Or to put it in more scientific language – how will your team test your strategic hypothesis and adapt?"

#### And Christian adds:

"Strategies need to be able to be adapted, sometimes as soon as they are set. Modification of strategy requires adaptive skills as the context changes, from the CEO, the Board, and leaders in the team. Logic and data explain what is not working and increasingly can propose decisions. But it is people that must adapt, change, and achieve in new situations. Don't be afraid to change your strategy. Strategy is a choice where to put focused effort (or not) and the choice is easier to make with a strong outside-in perspective, good metrics, and continual review."

Finally, Angus reminds us of the essential art of strategy:

"To build a strategy based on proven frameworks and measure it effectively is one thing, but to lead your team to higher success, you must equip your team to execute it. Remember that widely cited research indicates that nearly half of new CEOs don't make it past 18 months (AESC 'Minimize Risk', 2021). At the end of the day, successful CEOs implement strategy through everyone else and your people are the most important aspect of strategic planning and execution." *CEO SUCCESS* ► EMYSTIFIED



# Harnessing Diversity Within Your Leadership Team

As a CEO, one of your key responsibilities is to manage your leadership team effectively. However, leading a team with diverse personalities can be challenging. Each team member brings unique strengths, weaknesses and communication styles to the table. This guide aims to provide you with strategies and best practices for managing a leadership team with different personalities, enabling you to foster a harmonious and productive work environment.



Carl Pauly MU Board and CEO Practice North Europe & Partner



Understand and Appreciate Individual Personalities: Take the time to understand the personality traits and preferences of each team member.

Encourage Open Communication: Promote an environment where team members feel comfortable expressing their ideas and concerns openly. Encourage active listening and ensure the voice of each member is heard during team meetings and discussions. Establish a culture of respect and collaboration where differing viewpoints are welcomed and considered.

Leverage Strengths: Identify and leverage the unique strengths and expertise of each team member. Assign roles and responsibilities that align with their individual abilities and preferences. Recognise and appreciate their contributions, which will boost their confidence and motivation. A well-utilised team will perform better and make each of its members feel more appreciated.

Foster Team Cohesion: Develop activities and initiatives that promote team bonding and collaboration. Team-building exercises, offsite retreats or social events can help bridge gaps and build relationships. Encourage cross-functional collaboration and create opportunities for team members to work together on projects or initiatives outside of their usual domains.

Establish Clear Communication Channels: Today, there are a wide variety of communication channels which can rather increase complexity instead of efficiency. Decide on one or two channels, ensuring that important information is shared clearly, consistently and transparently.

Facilitate Conflict Resolution: Conflicts are bound to arise when working with diverse personalities. Be proactive in addressing conflicts and provide a safe space for open discussions. Encourage team members to resolve conflicts through constructive dialogue and compromise. Act as a mediator when necessary and ensure that conflicts neither escalate nor impact team dynamics and productivity.

Set Clear Expectations and Goals: Define clear expectations and goals for the team as a whole and for individual members. Ensure that these objectives are communicated clearly and consistently. Provide regular feedback on performance and progress to keep team members motivated and aligned with the overall vision.

Lead by Example: As the CEO, your leadership style sets the tone for the entire team. Lead by example and demonstrate the behaviours and values you expect from your team members. Be adaptable, empathetic and open to feedback. Show appreciation for diversity and foster an inclusive work environment.

Invest in Personal Development: Encourage and support the personal and professional development of your team members. Provide opportunities for training, mentoring and skill-building. Help them explore their areas of interest and acquire new knowledge and competencies. Investing in their growth will not only benefit the individuals but also enhance the collective capabilities of the team.

Regularly Review and Adjust: Periodically assess the team dynamics and effectiveness. Solicit feedback from team members on how they perceive the team's performance and their experience of working together. Make adjustments as necessary, refine processes and address any issues that hinder collaboration and productivity.

Managing a leadership team with different personalities requires understanding, adaptability and effective communication. By appreciating individual strengths, fostering cohesion and promoting open dialogue, you can create a harmonious and high-performing team. Remember to lead by example and continually invest in the personal and professional development of your team members. With these strategies in place, you'll be well-equipped to navigate the challenges (and leverage the strengths) of your diverse leadership team. *CEO SUCCESS* ►EMYSTIFIED



## Managing and Developing Different Personalities

**By Carl Pauly** 



**Most management teams** are usually composed of a variety of different personalities. In my experience, the difference between a successful team and a mediocre one lies in how they manage to combine their differences to cooperate in a productive and meaningful way.

In this case, the company was a brand-new organisation in the start-up stage. They were still settling in and just beginning to form

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Furthermore, the Chairman was missing a clear roadmap of which competencies their organisation would require

a new corporate culture. Furthermore, the Chairman was missing a clear roadmap of which competencies their organisation would require, as most would when breaking new ground. Our job was to work closely with the Chairman and the Board to understand their business ideas and development plans, ensuring a clear and solid understanding of their direction they wanted to take and what leader competencies they needed to get there. Based on the result, we would either work with developing the current management team, or select new suitable candidates that could create the desired results.

#### **Understanding the Business**

To get started, we needed to get insights from the Chairman of the Board. As the holder of the business ideas, he served as the focal point around which a management team with different skillsets and capabilities was put together. Along with identifying their leadership requirements, it was vital for our combined success that we got everybody in the current management team on the same page, allowing for effective and constructive collaboration focused on the specific results we needed to set together.

The second step was a deep dive into their business ideas and development plans to understand the unique circumstances of the organisation, its result need, as well as the specific requirements on the leaders in their organisation – current and future. This tailored approach allowed us to identify the specific personnel requirements needed for the startup stage, aligning with the company's goals.

Once we had a complete picture of what they planned to achieve, we made sure our understanding of their direction was clear and confirmed with the Chairman. From there, it was on to do what is our core at MU: Secure that we get the right leaders and leader competence in place that will deliver a sustainable result.

We used our 'MU Leadership Assessment', a tailored service which predicts the immediate and sustainable success of leaders in the unique context they operate, to evaluate the current leaders and identified competency gaps that needed to be filled. The assessment is built on a science-based methodology used to deliver accurate, fact-based predictions anchored in an organisation's individual situation and plans.

In the end, our precisely tailored insights into the company, and the challenges they faced as a start-up, paid off. The client was extremely satisfied with the development goals we had put together and there were no disagreements on any of the positions we identified needed to be filled. The whole project remains a giant success, and they're still a client with us today.



# Driving Success Through Aligned Comunication: A CEO's Guide to Strategic Marketing

Effective communication plays a crucial role in the success of any business strategy. As a CEO, your ability to align your communication with your strategic objectives is paramount. This guide aims to provide you with valuable insights and actionable tips to drive success through aligned communication in your organisation. By implementing these strategies, you can enhance internal and external collaboration, foster a shared vision and maximise the impact of your marketing efforts.





Driving Success Through Aligned Communication: JCCESS A CEO's Guide to Strategic Marketing

Define a Clear Vision and Objectives: To drive aligned communication, start by establishing a clear vision for your company. Clearly articulate your mission, values and long-term objectives. Ensure that all communication efforts align with this vision and consistently reinforce it across all channels.

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Develop a Comprehensive Communication Strategy: This is essential and you should consider the following elements:

- Target Audience: Identify your key stakeholders, including employees, customers, investors and partners. Tailor your messaging to address their needs, pain points and aspirations.
- Channels: Determine the most effective communication channels to reach your target audience, such as websites, social media, email newsletters, press releases and industry events.
- **Content:** Create compelling and consistent content that aligns with your brand's values and resonates with your target audience. Ensure that your messaging reflects your strategic objectives.

Foster Internal Alignment: This is crucial to achieve successful communication. Engage your employees by:

- Cascading Objectives: Clearly communicate the overarching strategic objectives to each department and team. Ensure that every employee understands their role in achieving these goals.
- Regular Communication: Conduct regular team meetings, town halls or written communication through your most impactful channels to update employees on company performance, progress and upcoming initiatives.
- Encourage Feedback: Create an open and transparent environment where employees can provide feedback, suggestions and concerns. Actively listen and address their inputs.

Empower Leaders as Communicators: Your leadership team plays a pivotal role in driving aligned communication. Equip them to be effective communicators by:

- Identify Their Strengths: Some are good writers and some are good speakers. Identify the medium that will make each individual look their best.
- Provide training: Offer communication workshops or coaching to help leaders enhance their public speaking, presentation and interpersonal skills.
- Lead by Example: As CEO, you set the tone for transparent and consistent communication. Be visible, accessible and authentic in your interactions with employees and external stakeholders.

• **Empower Delegation:** Encourage leaders to communicate directly with their teams, fostering a sense of ownership and responsibility within their departments.

Establish a Feedback Loop: Two-way communication is essential for alignment. Implement mechanisms to gather feedback and insights, such as:

- Surveys and Feedback Sessions: Conduct regular surveys and listening sessions with employees, clients and external stakeholders. Analyse the feedback and make necessary adjustments to your communication strategy.
- **Social Listening:** Monitor social media platforms, industry forums, and review websites to understand how your audience perceives your communication efforts. Address any concerns or issues promptly.
- Measure and Adjust: Continuously measure the effectiveness of your communication strategy by tracking key performance indicators (KPIs) such as engagement metrics, brand sentiment and employee satisfaction. Regularly assess the impact of your communication efforts and adjust your strategy accordingly.

Driving success through aligned communication requires a strategic approach that encompasses a clear vision, comprehensive communication strategy, internal alignment, empowered leaders, a feedback loop and continuous measurement. By implementing these practices, you can create a cohesive and effective communication framework that supports your overall business strategy and drives success for your organisation. ► EMYSTIFIED



## Driving Success Through Clear and Consistent Internal Communication

By Sofia Hjort Lönegård

**During my 20 years as a communication expert,** I have been fortunate to work closely with not 1 or 2, but 8 brilliant CEOs. The challenges have been as diverse as them, but one topic has been reoccurring through all these years – the importance of effectively communicating the company's strategy to its employees.

In this case story, I will share the strategic work done together with one newly appointed CEO who understood that clear and consist-

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Through a series of in-depth interviews, I developed a clear understanding of the CEO's vision and the direction in which they wanted to steer the company

ent internal communication was essential for aligning the entire organisation and driving its success.

The first order of business was a series of in-depth interviews with the CEO to gain a deep understanding of the company's strategy, objectives and values, as well as his own personal ambitions and goals. Through these discussions, I developed a clear understanding of the CEO's vision and the direction in which they wanted to steer the company.

With a solid foundation in place, I worked closely with the CEO to define the key objectives. We aimed to create a shared understanding of the company's strategy among employees, to foster a sense of ownership and commitment to the strategic goals and to provide regular updates. These objectives served as guiding principles throughout the planning process.

One of the crucial steps in creating the internal communication plan was determining the target audience. We identified the various

employee groups that needed to be engaged, including different departments, teams and hierarchical levels – also counting the colleagues in the Leadership Team. Understanding the specific needs and preferences of each group was vital in tailoring our communication approach.

We recognised that a multi-channel approach was essential for reaching and engaging employees effectively. We leveraged a variety of communication channels, including townhall meetings, digital signage around the offices, intranet updates and e-mail newsletters to ensure that the messages

reached all employees. This allowed us to capture a wider audience and provide opportunities for two-way communication.

Content development was also a critical aspect of the internal communication plan. Working closely with the CEO and the leadership team, we created compelling content that effectively conveyed the company's strategy. We ensured that the messaging was clear and

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We identified the various employee groups that needed to be engaged, including different departments, teams and hierarchical levels – also counting the colleagues in the Leadership Team aligned with the overall brand identity. Infographics and videos were used to enhance understanding and engagement. And most importantly – all meetings in the company, from team to Townhall, started with a one-pager on the company's strategy as a constant reminder.

In order to promote active engagement we introduced feedback opportunities. On top of the regular employee engagement surveys, we implemented coffee breaks with the CEO to talk in smaller groups, where employees could provide their thoughts, suggestions and concerns. This allowed us to gather valuable insights and make necessary adjust-

ments to the communication approach, fostering a sense of inclusivity and ownership among employees.

Through the implementation of this comprehensive internal communication plan, the CEO witnessed a positive transformation within the organisation. Employees became more engaged, aligned and motivated to contribute to the company's strategic goals. The clarity and consistency of the communication plan allowed for better decision-making, increased collaboration and improved overall performance.

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Personally, it's so rewarding to witness the positive impact of a well-executed communication plan and its contribution to the overall success of the organisation. It really fosters a shared understanding, commitment and enthusiasm among employees.



# Developing Your Management Team as a New CEO

As a new CEO it is crucial to analyse the capabilities and potential of your management team. To gain a deeper understanding of your team and promote their growth, follow the steps described in this guide.



Dominik Roth MU Board and CEO Practice Central Europe & Partner

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Developing Your Management Team as a New CEO

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Analyse the Company Strategy: Start by thoroughly examining the documented strategy of your company. Understand its unique goals, objectives and requirements. This strategic foundation will serve as the basis for assessing your management team's capabilities and potential.

Develop a Capability Model: Create a capability model that aligns with your company's specific strategy. This model will outline the core competencies and skills required for success in your organisation. Unlike generic models used by other companies, this tailored approach ensures that the following assessments reflects the specific needs of your company.

Assess Your Management Team: Utilise the capability model as a framework for assessing each member of your management team. Evaluate their current capabilities and potential against the defined competencies. Consider factors such as their technical expertise, leadership abilities and general management competencies.

Consider Behavioural Interest: In addition to assessing capabilities, explore the behavioural interests of your managers. Understand their motivations, aspirations and areas of passion within the organisation. Weigh these interests in relation to their positions and reassess their fit within the company based on these insights.

Collect Comprehensive Data: Gather a wealth of data about each manager, including performance records, personality assessments and general management abilities. This holistic approach will provide a comprehensive view of their strengths, areas for improvement and potential for future roles aligned with your company's strategy.

Focus on Development Measures: Remember that the objective is not to label individuals as good or bad leaders, but rather to identify development opportunities for each person. Consider the future needs of your organisation and recommend development measures accordingly. This joint approach involves collaborative discussions with the candidate managers and human resources to ensure alignment and agreement on the proposed development plans. Succession Planning and Future Success: By undertaking this analysis, you will demonstrate your commitment to the success of the organisation and underscore the importance of succession planning. Identifying high-potential individuals within your company will enable you to cultivate a strong pipeline of future leaders. Additionally, this process will provide the entire organisation with a clear roadmap for achieving future success.

As the new CEO, your understanding of your management team and your dedication to their development will empower them to contribute their best to the company's growth. By utilising a tailored capability model, assessing behavioural interest, and adopting a collaborative approach, you will lay a solid foundation for a prosperous future. **CEO SUCCESS** ►EMYSTIFIED



# Reaching New Heights

By Dominik Roth

**This case involved an aerospace company** that faced a lot of business challenges and were navigating in a very competitive environment, making it critical to analyse the capability and potential of their management team. The CEO stated that the management team had excellent engineering capabilities but they may have been short on general management competencies. They were keen to understand what development opportunities where available.

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The CEO stated that the management team had excellent engineering capabilities but they may have been short on general management competencies. They were keen to understand what development opportunities where available

MU conducted a workshop where we analysed the documented strategy of the company and developed a capability model. This capability model became the framework for assessing the capabilities and potential of each manager, and it could also be used to identify new potential members for the management team. The model got approved by the CEO and we presented it to the whole management team in order to receive their commitment before starting.

It is critical to assess people against company-specific capabilities or competence models. Whereas other firms use commonly apply generic models, ours was designed around and based on the strategy of this particular company, producing an entirely different result from assessing against a generic management profile. This is the differentiator. We're able to determine not only the current capability of the candidate but also their future potential.

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Our aim was not to say whether someone was a good or a bad leader, our objective was simply to determine the proper development measures for each person

Our aim was not to say whether someone was a good or a bad leader, our objective was simply to determine the proper development measures for each person.

The result? The CEO was grateful to have the analysis performed within the company. It also underscored just how important succession planning was for the company; they would have some capable leaders retiring soon and didn't have any suitable plans to replace those people. Our analysis allowed them to identify potential individuals within the company to take on leadership roles and has given the whole organisation a roadmap to future success.



## Planning for a Smooth CEO Succession

CEO succession planning is a critical area for any organisation, as it ensures a smooth transition of leadership and minimises disruption to business operations. A wellexecuted CEO succession plan provides stability, maintains investor confidence and secures the long-term success of the company. This guide will outline a step-by-step approach to developing and implementing an effective CEO succession plan.





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### Recognise the Need for a CEO Succession Plan

- Understand the importance of succession planning: Recognise the potential risks associated with a sudden leadership vacuum and the benefits of proactive planning.
- Evaluate the current CEO's tenure: Assess the CEO's age, health, long-term goals and potential departure scenarios (retirement, career change, unforeseen circumstances).

### Define Desired Leadership Success Criteria

- Align with strategic goals: Consider the company's vision, mission and future objectives when defining the criteria for the next CEO.
- Identify key competencies: Determine the skills, experience and leadership qualities required for the organisations context-specific success.

### Create a Succession Planning Committee

- Establish a cross-functional team: Form a committee consisting of Board members, executives and HR representatives to oversee the succession planning process.
- Assign roles and responsibilities: Clearly define the committee members' roles, including their involvement in assessing potential candidates and executing the plan.

#### Identify Internal and External Candidates

- Assess internal talent pool: Identify potential candidates within the organisation who possess the necessary skills, experience and leadership potential to succeed in your unique context. Evaluate their performance, potential and readiness for taking on the CEO role.
- Explore external options: Identify key competencies: Determine the skills, experience and leadership qualities required for the organisations context-specific success.
- Leverage Executive Search firms, like MU, to identify suitable candidates.



### Develop and Prepare Candidates

- **Provide leadership development opportunities:** Create a structured plan to prepare internal candidates for future leadership roles. Offer mentorship, executive education and rotational assignments to enhance their skills and broaden their experience.
- Encourage ongoing development: Foster a culture of continuous learning and development to ensure potential CEO candidates are equipped with the latest knowledge and skills.

#### Conduct Effective CEO Selection Assessment

- Effective CEO selection will lead to reliable decisions about the CEO that will fulfil your business goals. Reliable decisions are anchored in your unique context and business situation, and not generic models, assumptions, or theories of leader-ship. Specific analysis of your CEO task is vital. With Expert advice a unique and relevant selection profile should be created and agreed with the Board.
- Using the determined CEO selection profile as a framework for effective selection assessment aims to provide reliable predictions about candidate performance and potential. The assessment methodology for CEO selection should be evidence-based and impartial – and provide specific recommendations. Using a method tested and proven to meet the highest industry standards of validation and certification is wise, for example ISO 10667-2.
- The accuracy of assessment predictions associated with performance should be followed up and reported and the selected CEO supported in their onboarding using the assessment insights reported.

#### Create a CEO Transition Plan

- **Define the transition process:** Outline the steps involved in transitioning from the current CEO to the successor, including key milestones and timelines.
- **Develop a communication strategy:** Determine how the announcement of the new CEO will be made internally and externally. Plan for effective communication to maintain transparency and manage stakeholders' expectations.

#### Support the Transition and Onboarding

- Facilitate knowledge transfer: Ensure a seamless transfer of critical information, relationships and institutional knowledge from the outgoing CEO to the successor.
- **Provide mentorship and support:** Offer support to the new CEO during the transition period, including access to a mentor or executive coach to help navigate challenges and adjust to their new role.

#### Continuously Review and Update the Succession Plan

- **Regularly assess the plan's effectiveness:** Review the succession plan periodically to ensure it remains aligned with the organisation's evolving needs and goals and with industry trends as well.
- **Identify and develop future leaders:** Continuously identify and prime high-potential employees for future leadership roles, maintaining a robust talent pipeline.

A well-executed CEO succession plan is essential for ensuring a smooth transition of leadership and maintaining organisational stability. By following these steps organisations can proactively plan for CEO succession, identify and develop strong candidates and successfully navigate leadership transitions, setting themselves up for long-term success. Remember, effective succession planning is an ongoing process that requires continuous evaluation and adaptation to meet the ever-evolving needs of the organisation. *CEO SUCCESS* ►EMYSTIFIED



## CEO Succession Planning in a Disruptive Market

By Anonymous

When a global tech company approached MU for help with CEO succession planning, they were facing a rapidly changing market and supply chain disruption. The Board was under immense pressure to secure effective CEO appointments that could lead the organisation through these challenging times.

MU's team of experts began by conducting a thorough analysis of the organisation's unique context and requirements. They identified the most crucial capabilities required for success in the role,

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They identified the most crucial capabilities required for success in the role, including strategic thinking, agility, influence, talent attraction, and effective operational management

including strategic thinking, agility, influence, talent attraction, and effective operational management. Balancing the need for reacting effectively to events while pursuing long-term strategic development was also deemed critical. MU's team applied their unique working method – MU Leader Selection Science<sup>®</sup> – to identify a diverse pool of candidates who possessed the required capabilities and had experience in similar contexts. The solution was tailored to the organisation's specific needs, ensuring that the candidates were an excellent match for both short and long-term task requirements.

The result of this collaboration was the successful appointment of a CEO who not only matched the unique context but brought with them a fresh perspective

and innovative ideas. The new CEO's strategic thinking and agility enabled them to navigate the rapidly changing market, while their influence and talent attraction skills also helped them attract top talent to our organisation.

The Board was impressed by the success of the appointment and the increased diversity of candidates brought forward by MU. The organisation's performance improved significantly, and the new CEO's effective operational management skills ensured that the organisation was well-positioned for sustainable success. 66

MU's team applied their unique working method – MU Leader Selection Science® – to identify a diverse pool of candidates who possessed the required capabilities and had experience in similar contexts

Thanks to MU's science-based methodology, quality-assured execution, and unique way of working, the organisation was able to secure a CEO who could successfully lead them through turbulent times and into a bright future.



# Selecting a Successful Board for Your Company's Unique Context

Building a successful company requires a strong foundation, and a key element of that foundation is a well-selected Board of directors. The Board plays a crucial role in shaping the company's direction, providing guidance, and making critical decisions. However, selecting the right Board members can be a challenging task, as success is contextual and varies depending on your unique context. In this guide, we will explore the key factors to consider when selecting a successful Board that aligns with your needs.

**Mieke Weijenberg** Global Head of MU Board and CEO Practice & Partner





Christian Schaffenberger Global Head of MU Board and CEO Practice & Partner



Richard Moore CEO & Partner, MU



Selecting a Successful Board for Your Company's Unique Context

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Define Your Company's Goals and Values: Before selecting Board members, it is essential to have a clear understanding of your company's goals, values, and long-term vision. Identify the strategic areas where your company needs expertise and support. Consider what kind of experience, knowledge, and connections that would be valuable in achieving those goals.

Assess Board Composition and Diversity: Diversity in Board composition brings different perspectives and expertise to the table, leading to more informed decision-making. Consider a mix of backgrounds, experiences, and skills that align with your company's needs. Look for diversity in gender, ethnicity, industry, functional expertise, and geographical representation.

Evaluate Industry Experience: Industry experience can prove invaluable for a Board member. Look for individuals who have a deep understanding of your industry, including its trends, challenges, and opportunities. Consider professionals who have a track record of success in relevant roles or have successfully led companies in similar markets.

Consider Strategic Expertise: Identify the specific areas of strategic expertise that your company requires. This could include marketing, finance, technology, operations, or legal expertise, depending on your company's industry and stage of growth. Look for individuals with a proven track record in these areas and the ability to contribute meaningfully to your company's strategic decisions.

Assess Leadership and Governance Skills: A successful Board requires strong leadership and governance skills. Look for individuals who have demonstrated effective leadership in previous roles, such as executive positions or other Board appointments. Evaluate their ability to work collaboratively, facilitate productive discussions, and make well-informed decisions while prioritising the company's interests.

Evaluate Network and Connections: A well-connected Board can open doors to otherwise unreachable opportunities, partnerships, and resources for your company. Consider individuals with extensive networks in your industry, or where your growth plans are. Include connections to potential customers, investors and strategic partners. Assess their ability to leverage these networks to benefit your company's growth. Assess Commitment and Availability: Board members must be committed and available to actively contribute to the company's success. Evaluate their current commitments, time availability, and willingness to dedicate time and effort to the responsibilities. Consider their ability to attend meetings regularly and engage in ongoing discussions and decision-making processes.

Conduct Thorough Due Diligence: Before finalising your Board selections, conduct thorough due diligence on potential candidates. Review their professional backgrounds, achievements, and reputations. Seek references and testimonials from trusted sources to ensure they have a strong track record and are aligned with your company's interests.

Maintain Board Refreshment: As your company evolves, so should your Board. Periodically evaluate the effectiveness and relevance of your Board members. Consider refreshing the Board to bring in new perspectives, skills, and expertise as needed.

Selecting a successful Board that aligns with your company's unique context is a strategic decision that requires careful consideration. By defining your company's goals, evaluating Board composition, and assessing industry experience, strategic expertise, leadership skills, network, commitment, and availability, you can assemble a Board that will provide invaluable guidance and support on your journey to success. Regularly evaluate and refresh your Board to ensure it remains effective and relevant in a rapidly changing business landscape. *CEO SUCCESS* ►EMYSTIFIED



# Achieving More Board Diversity Through Inclusion

MU is founded on research and insight into what makes leaders successful in the workplace. It is concluded that success at work can be increased through ensuring leader decisions are made using a science-based, precisely tailored, quality assured and ethical way of working. The only basis for an employment decision is a factful match between an individual's competencies – what they bring to work - and the requirements of the role, context and organisation results needed. Our advice to clients, candidates and our own employees is therefore based on this founding principle.



Sofia Hjort Lönegård Head of Marketing and Communications, MU



Mieke Weijenberg Global Head of MU Board and CEO Practice & Partner





### Achieving More Board Diversity Through Inclusion

We also believe that diversity is achieved through inclusion. True inclusion in all organisations is what generates diversity, and by avoiding stereotyping, shortcutting, and subjectivity in our actions and behaviours inclusion can be assured.

Achieving more diversity requires a combination of strategies and efforts, both at the organisational and societal levels. Inclusion and diversity are ever-evolving and timeless topics, which makes it challenging to advise on – easy fixes would be short-cutting.

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## Inclusive leadership and inclusive recruitment create diverse and high performing workplaces

However, organisations that practice inclusive leadership and inclusive recruitment will have inclusive workplaces and so diverse teams. Inclusive leadership and inclusive recruitment create diverse and high performing workplaces.

Increasing diversity on Boards is important for many organisations to ensure effective, high-performing and collaborative teams which in turns foster innovation, improve decision-making, and can better represent their stakeholders. Inclusive Boards are essential to secure inclusive leadership, inclusive recruitment and diverse, high-performing teams.

Here are some advice from the MU Experts working with Board diversity to increase success:



Set Clear Inclusion and Diversity Goals:: Organisations should establish clear goals and objectives for inclusion and diversity in their Boards. These goals should be specific, measurable, and time bound. Having targets can help keep the organisation accountable. Ensure that you use targets that are realistic, and that you have a clear baseline established. Note also that a 50/50 goal is not always to strive for because that itself could promote stereotyping.

Board Composition Assessment: Regularly assess the composition of the Board to identify gaps in diversity. Analyse not only gender, age and ethnicity but also diversity in terms of skills, experiences, and perspectives.

Broaden the Candidate Pool: Expand the search for Board candidates beyond conventional networks. Work with Executive Search firms with a proven and tested track record of having an inclusive and case specific candidate pool, and that makes fact-based recommendations with no significant skews.

Diverse Selection Committees: Ensure that the nominating and selection committees responsible for recommending Board members are themselves inclusive and diverse. This can help prevent bias and subjectivity in the selection process.

Diversity in Leadership: Promote deep diversity in senior leadership positions within the organisation. Diverse leadership can help influence Board appointments positively, and avoid stereotypical views on what leadership looks like.

Mentorship and Development: Foster a culture of inclusion throughout the organisation. When employees feel valued and included, they are more likely to advance to leadership roles and be considered for Board positions. Establish mentorship programs and leadership development initiatives to prepare individuals from underrepresented groups for Board roles. This can help build a pipeline of qualified candidates.

Board Training and Education: Provide Board members with training on inclusion, diversity, and equality issues. This can increase awareness and sensitivity to the importance of inclusion in decision-making.

Shareholder and Stakeholder Engagement: Encourage shareholder and stakeholder engagement on the topic of Board diversity. Investors and customers can play a significant role in pushing for change.

Transparency and Reporting: Publish annual reports on board diversity and progress toward diversity goals. Transparency can hold organisations accountable and signal their commitment to diversity

By following these steps, you can successfully achieve a diverse Board through inclusion. Remember, the key to success lies in setting clear inclusion and diversity goals, assessing Board composition, broaden the candidate pool, ensuring diverse selection committees, promoting diversity in leadership, establishing development and mentoring programmes, encouraging stakeholder engagement, being transparent and reporting on progress toward diversity goals. *CEO SUCCESS* ►EMYSTIFIED



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## Tackling the 'Diversity in Leadership' Problem

By Matthew Owens



**In 2023,** it should be a source of embarrassment that diversity in the boardroom remains an aspiration and not the norm in most parts of the world. Progress has been made in recent years, particularly in terms of gender diversity, but the pace of change has been painfully slow. The FTSE 100 is leading the way in the UK (c.38% of Boards now include at least one woman), but the UK still lags far behind many other mature economies. For example, in Norway gender diversity in the boardroom isn't just a nice idea, it's the law;

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Nation states, employers and the ES profession as a whole have only addressed the tip of this particular iceberg

the boards of all publicly traded and public limited companies must have at least 40% female representation. Companies that do not comply (at least in theory) can be shut down. '*Diversity in leadership*' is a multi-layered problem requiring multi-faceted solutions, but as we stand, nation states, employers and the ES profession as a whole have only addressed the tip of this particular iceberg.

Unsurprisingly, Executive Search (ES) professionals are now clamouring to be part of the solution. As the call for greater diversity on boards has intensified, we have seen Search Firms increase their focus on diversifying their networks and their capabilities to meet this demand. This is making a difference, but the pace of change remains slow. Arguably, more needs to be done to highlight the substantive contribution the 'conventional ES method' (reliant on the rolodex of ES professionals and the CVs of their known contacts) has made to the creation of the 'diversity in leadership' problem. When the hiring process is not inclusive, or when ineffective steps are taken to manage the risks associated with cognitive bias and 'noise' (as described by Nobel Laureate Daniel Kahneman in his seminal work 'Noise'), it can be no surprise that leader selection decisions continue to reflect both systemic and random errors. It is these built-in errors that contribute most to 'the diversity in leadership' problem.

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The Executive Search Profession now faces its biggest challenge

#### The ES Profession now faces its

biggest challenge. Analysts are now shining an uncomfortable light on the impact of out-dated ways of working. There is an abundance of data indicating capable diverse and plausible candidates continue to be systematically excluded from the boardroom and from executive leadership teams. Buyers of ES services are waking up to this reality and are now better informed than ever before. They are demanding more reliable and more inclusive leader acquisition and selection advice. As a consequence, we are already seeing more innovation in the leadership advisory sector than ever before.

In 2023 the MU Research Institute conducted a literature review to understand the most recent research into diversity in the workplace. Diversity has different forms, and studies into the effects of more diverse or less diverse teams and their impact on business results need to bear this in mind. We can summarise today's scientific knowledge regarding the impact of diversity on team performance as:

- Variety Diversity (diversity in personal characteristics) should be understood as a valuable resource and not a problem to manage. Recognising individual difference and the fluidity in them is an opportunity for leaders.
- Separation Diversity (diversity in perspectives) should be reduced through inclusion. Separation diversity leads to opposition and antagonism which are counterproductive workplace behaviours. Leaders should foster greater inclusion – cohesion, understanding and appreciation between employees
- Disparity Diversity (inequality) should be reduced through fairness. Greater equity and equality should be strived for (Harrison & Klein, 2007).

Gender diversity is just one dimension of the 'diversity in leadership' problem, but for many good reasons this dimension has been the focal point of the debate for some time. Increasingly, more recent studies distinguish between forms of surface-level diversity (observable characteristics such as gender and ethnicity) and deep-level diversity (none observable characteristics such as cognitive diversity). How we measure and account for deep-level diversity raises a whole new set of questions, and the language used to explore this topic is evolving faster than ever before. Our industry should be leading the debate when it touches on 'diversity in leader-ship', not just reacting or contributing from the sidelines. To increase diversity in teams and organisations, inclusive leaders and selection processes that include different individuals are paramount.

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Guided by science, each step in our process has been engineered to mitigate the risks commonly associated with the conventional ES method

At Mercuri Urval. the home of Leader Selection Science<sup>®</sup>, we have quietly pioneered a different approach to leader acquisition and selection. Guided by science, each step in our process has been engineered to mitigate the risks commonly associated with the conventional ES method. A recent study undertaken by the MU Research Institute (based on more than 10,000 leadership appointments between 2019 and 2021) concluded unequivocally that our science-based approach to leader selection is factful, effectively mitigating risks of subjectivity, stereotyping and shortcutting found in conventional recruitment decision making.

There is insufficient room here to explain how every component of the MU science-based method assures inclusiveness, and so diversity, but one significant recent innovation can be singled

out to highlight the impact of good science on decision-making when making senior appointments. One of the most significant inbuilt flaws within the conventional ES method is the way in which ES professionals and clients evaluate the track record of candidates. How candidates present themselves in CVs, on social media and in interviews clearly has a profound impact on those making inclusion and selection decisions. Without a robust science-based, evidence-based approach, many qualified 'diverse' candidates are overlooked and not included in shortlists. To address this issue, in collaboration with Mercer, the global leader in position benchmarking, the MU Research Institute has developed a unique position benchmarking tool to increase consistency in track record evaluation. This tool enables MU Experts to objectively evaluate the career progression of candidates when matching them with senior leadership roles. One very significant consequence of this analysis is the inclusion of candidates based on facts and evidence, and not irrelevant criteria triggered by either bias or 'noise'.

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More work needs to be done by many in our profession to address the barriers to inclusion

More work needs to be done by many in our profession to address the barriers to inclusion at every level of the business community, not just at a leadership level, but unless the profession as a whole starts to make the changes needed, the pace of change in the clients we serve will continue to be glacial.



# Revitalising a Supervisory Board: A Path to Trust and Success

Are your organisation facing the challenge of filling an entire Supervisory Board? Don't worry, we got you covered. In this guide, MU Experts will provide clear advice on how to navigate this complex task and find the best candidates to create a well-balanced Board that can gain trust and lead your organisation to success.



Christian Schaffenberger Global Head of MU Board and CEO Practice & Partner



Understand the Situation: Start by delving into the circumstances that led to the need for a new Supervisory Board. Conduct thorough investigations and hold discussions with relevant stakeholders to gain insight into the current need and the reasons behind it. Identify and clarify your company's strategy and align the Board's composition accordingly, ensuring that the structure supports the overall vision.

Acquire Knowledge: Familiarise yourself with the inner workings of the company and the challenges you are facing now and in the future. Engage in self-study to enhance your understanding of your industry, its dynamics and best practices. This knowledge will enable you to provide valuable guidance to the nomination committee or the Chairman that ultimately will be responsible for selecting the board members.

Seek the Right Mix: As you begin the candidate selection process, keep in mind the importance of assembling a well-balanced group. Look for individuals with diverse background and experience. Consider both their track record and personality, ensuring they possess the necessary skill set in your area of expertise, collaboration, crisis management and more. These qualities will contribute to building trust and fostering effective collaboration within the Board.

Engage the Chairman: Start by selecting a capable and experienced Chairman for the Supervisory Board. Their involvement in the final selection of other Board members is crucial. Identify candidates who can inspire trust, lead with integrity, and contribute strategic insights. Present only a limited number of candidates whom you genuinely believe in, as this will enhance the nomination committee's trust in your judgment.

Nurture Positive Dynamics: Once the Supervisory Board is formed, ensure that the members work together harmoniously. Encourage open communication, transparency and collaboration among the Board members. By fostering a positive dynamic, you can prevent faltering relationships and regain stakeholders' trust.

Obtain Stakeholder Confidence: The ultimate goal is to gain the trust of internal and external stakeholders. By carefully selecting the right candidates and fostering a functional Board, you can achieve just that. This renewed trust is essential for making strategic decisions that receive broad support.

By following these steps, you can successfully fill the Supervisory Board of your organisation. Remember, the key to success lies in understanding the situation, acquiring knowledge, finding the right mix of candidates, nurturing positive dynamics, and gaining stakeholder confidence. With a wellbalanced and effective Board, your company can thrive and deliver high-quality services to the people and the community it serves. *CEO SUCCESS* ► EMYSTIFIED



# Filling the Supervisory Board of a Hospital

By Christian Schaffenberger



**In most cases** you only have one position open at the time, but in this case it was the entire Supervisory Board of a hospital that had to be filled. This of course presented a whole new set of challenges.

The fact that I had to find five suitable candidates rather than one already made this a unique situation, not to mention yet another special aspect of this case – the amount of media attention it attracted. Due to a Chief Physician being asked to leave, several negative reports were published about the hospital. That departure created intense pressure from all the shareholders which resulted in the CEO, the Chairman and four other Board members also deciding to leave.

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Lack of trust always arise as communication starts to break down and transparency starts to lack

Ultimately, it was the lack of trust from the shareholders that caused the Board to leave. And lack of trust always arise as communication starts to break down and transparency starts to lack, so my task was to find suitable candidates for these five positions. Even the deadline for this unusual assignment was a challenge in itself – a general assembly was scheduled only seven weeks from this point in time, at which the new Supervisory Board was to be elected. It was clear at this point that my main priority was to strike the right mix of candidates, in terms of experience, diversity, geography and personality.

### Constructing a Well-balanced Team and Regaining Trust

To stand a chance of finding the right candidates, I first had to understand what had happened and why. I had over 40 conversations with key stakeholders to try to figure out why such a big loss of trust had occurred. I also had to understand the hospital's strategy, because ultimately the structure of the new Board must follow the strategy. In addition, I immersed myself in research of how hospitals operate and what kind of challenges that lies ahead of them. And by consulting with experts from our Life Science and Healthcare Practice, I was able to corroborate key findings. With my conclusions in hand, I was able to steer and advise the nomination committee, which was formed to be responsible for the composition of the Supervisory Board.

When selecting the members for the Supervisory Board, I paid great attention to track records as well as personality. On the whole, it



Now, the entire Board finally worked well together and all the negative press about the hospital had ceased to exist was about putting together a group that would be well balanced. I started with the Chairman of the Supervisory Board, since he would be involved in the final selection of the other members. Throughout the whole process, I prioritised finding people who could build trust and who had experience in crisis management as well as in the hospital field. Because the nomination committee had trust in my ability to select suitable candidates, I only presented a few candidates who I believed in and it turned out well.

Following the election of the Supervisory Board, the feedback

from the Chairman was extremely positive. Now, the entire Board finally worked well together and all the negative press about the hospital had ceased to exist.

Furthermore my work helped the hospital to regain the trust of its stakeholders, so that strategic decisions that have to be supported by the stakeholders and the public again could be made. After all, it is the taxpayers who finances the hospital.



# Changing Competence Requirements for Executive Board Members

The role of Executive Board members has evolved significantly over the last ten years, with changing business landscapes and economic conditions. This article aims to explore how the competence requirements have transformed during two distinct periods: 2013–2018, characterised by growth, and 2020–2022, marked by crisis. By comparing these two periods, we can gain insights into the shifting expectations and skills demanded of executives in times of prosperity versus times of adversity.







Changing Competence Requirements for Executive Board Members

### Competence requirements during the growth period (2013-2018)

The period between 2013 and 2018 was largely characterised by economic expansion and stability in many regions. Low interest rates further fuelled an expansion strategy of many companies based on heavy investment.



Statista: Entwicklung des Kapitalmarktzinssatzes in Deutschland in den Jahren von 1975 bis 2022. Retrieved from: https://de.statista.com/statistik/daten/ studie/201419/umfrage/entwicklung-des-kapitalmarktzinssatzes-in-deutschland/

During this growth period, the competence requirements for Executive Board members tended to emphasise the following key areas:

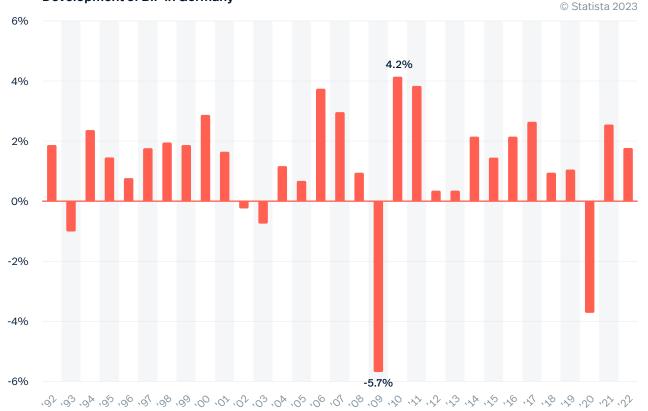
Strategic Vision and Business Development: Executive Board members were expected to possess a forward-thinking strategic vision to identify emerging opportunities and drive business growth. They needed to formulate and execute long-term plans, explore new markets and product/service offerings to expand the company's reach.



Financial Acumen and Risk Management: As organisation sought to capitalise on the favourable economic climate, Executive Board members needed to demonstrate strong financial acumen. They were responsible for managing financial resources efficiently, optimising profitability and implementing effective risk management strategies.

Leadership and Team Building: In the growth period, Executive Board members were required to provide strong leadership and foster a positive corporate culture. They needed to build high-performing teams, nurture talent and motivate employees to achieve organisational goals.

Innovation and Adaptability: Rapid technological advancements and changing customer expectations demanded Executive Board members who were innovative and adaptable. They needed to embrace emerging technologies, promote a culture of innovation and ensure that the organisation stayed ahead of the curve.



**Development of BIP in Germany** 

#### Source:

Statista: Veränderung des realen Bruttoinlandsprodukts (BIP) in Deutschland gegenüber dem Vorjahr von 1992 bis 2022. Retrieved from: https://de.statista.com/ statistik/daten/studie/2112/umfrage/veraenderung-des-bruttoinlandprodukts-im-vergleich-zum-vorjahr/

### Competence requirements during the crisis period (2020-2022)

The global COVID-19 pandemic in 2020, the Russian war in the Ukraine starting in 2022 and the subsequent economic downturn marked the crisis period from 2020 to 2022. During this challenging phase, the competence requirements for Executive Board members underwent significant shifts:



Crisis Management and Resilience: The crisis necessitated strong crisis management skills. Executive Board members were expected to swiftly respond to the evolving situation, making tough decisions to protect the organisation's viability. Resilience and the ability to navigate uncertainty were paramount.

Cost Control and Efficiency: With economic uncertainty and reduced revenue streams, Executive Board members had to focus on cost control and efficiency. They needed to identify areas of waste, streamline operations and optimise resource allocation to maintain financial stability.

Digital Transformation and Remote Work: The pandemic accelerated the need for digital transformation and remote work capabilities. Executive Board members had to ensure the organisation could adapt to remote operations, leverage digital tools and maintain productivity and connectivity in a virtual environment.

Stakeholder Communication and Transparency: During the crisis period, effective communication with stakeholders became crucial. Executive Board members were required to provide transparent updates on the company's financial health, mitigation strategies and contingency plans to maintain stakeholder confidence and trust.

The competence requirements for Executive Board members have evolved significantly, reflecting the changing dynamics of the business environment. The growth period of 2013-2018 emphasised strategic vision, financial acumen, leadership and innovation. However, the crisis period of 2020-2022 demanded crisis management skills, cost control, digital transformation and effective stakeholder communication. By recognising these shifts, organisations can better align their board selection and development processes with the specific demands of each period, ensuring the right skill sets are in place to steer the company successfully, regardless of the prevailing economic conditions.

The question of whether to promote an internal candidate or hire an external candidate for the Executive Board is complex and depends on a whole host of factors. There is no one-size-fits-all answer, as each situation is unique and requires careful consideration. Both internal and external candidates bring distinct advantages and challenges. Let's explore the benefits and considerations of each option:

### Promoting an Internal Candidate:

- Institutional Knowledge and Understanding: Internal candidates often have a deep understanding of the company's culture, operations, and industry dynamics. They possess institutional knowledge and historical context that can be invaluable in decision-making processes.
- Loyalty and Commitment: Internal candidates who have been with the company for a significant period may have demonstrated loyalty and commitment to the organisation's long-term success. Their dedication and alignment with the company's values and objectives can contribute to stability and continuity.



- **Motivation and Morale Boost:** Promoting from within can boost employee morale and motivation, as it signals opportunities for career growth and recognition of talent. This can foster a positive work environment and inspire other employees to strive for advancement.
- **Reduced Onboarding and Transition Time:** Internal candidates are already familiar with the company's processes, systems and people, which can result in a faster transition and reduced onboarding time compared to external candidates.

### Considerations for Internal Candidates:

- Limited External Perspectives: Internal candidates may have limited exposure to external industry trends and fresh ideas. This can potentially lead to a lack of diverse perspectives and innovative thinking.
- **Risk of Stagnation:** If an organistion relies too heavily on internal promotions without considering external talent, it may miss out on new skills, experiences and perspectives that could drive growth and innovation.

### Hiring an External Candidate:

- Fresh Perspectives and Expertise: External candidates bring a fresh set of experiences, perspectives and expertise from different organisations and industries. They can introduce new ideas, challenge existing norms and drive innovation.
- **Expanded Networks and Relationships:** External candidates often have broader networks and industry connections that can benefit the organisation in terms of partnerships, collaborations and business development opportunities.
- **Objective Evaluation and Independence:** External candidates can provide an objective evaluation of the company's operations, strategies and performance. Their independence can facilitate unbiased decision-making and enhance governance practices.

### Considerations for External Candidates:

- **Cultural Fit and Integration Challenges:** It can take time for an external candidate to adapt to the organisation's culture and build relationships with existing employees. Ensuring a cultural fit and supporting their integration into the company is crucial for success.
- **Disruption and Employee Morale:** Hiring an external candidate for a top leadership position may create some disruption and potential resistance from internal employees who were vying for promotion. Managing employee morale and communication during such transitions is essential.

### Conclusion

The decision to promote an internal candidate or hire an external candidate for the Executive Board requires a thoughtful evaluation of the specific circumstances, company culture, strategic goals and available talent pool. Both options have advantages and considerations that must be weighted.

Growth cycle competencies of an Executive Board Member are typically learned inside the company or coming from a competitor or customer which favours internal candidates. Crisis and restructuring competencies are typically gained in a wide variety of companies with shorter mandates to develop a reliable toolbox and profound knowledge.

Whereas in growth periods Leadership Development Services play a prominent role when promoting internal candidates, Executive Search Services are requested to find external candidates with repeated restructuring experience. It is not unsurprising that Executive Board members selected for growth did not see the crisis coming and a significant number of companies went unprepared into the storm.

Part of the challenge of finding competent Executive Board members for crisis periods are that crisis periods (in the past) were shorter and fewer than growth periods. Additionally, experiences should be obtained from several mandates. Therefore, such Executive Board members are a rare species to encounter.

Ultimately, the organisation should strive for a balanced approach, considering a mix of internal promotions and external hires to ensure a diverse range of skills, experiences and perspectives within its Board of Directors. *CEO SUCCESS* ► EMYSTIFIED



Strengthening Your Leadership Team in the Face of Adversity

Our ever-changing and challenging world has raised the bar for effective leadership and made the distinction between good and poor leadership clear to see. To effectively prepare your organisation to deal with current and future challenges more successfully, it is crucial to develop a strong leadership team. This guide will outline the steps you can take as a CEO to strengthen your leadership team, drawing insights from a successful collaboration between MU and a hospital seeking to revamp its leadership team.







Strengthening Your Leadership Team NYSTIFIED in the Face of Adversity

**EOSUCCESS** 

Assess the Current Leadership: Begin by critically evaluating your existing leadership team in light of the context you are operating in. Ask yourself whether your leaders possess the necessary skills, competencies and mindset to tackle future challenges. This evaluation should be based on an objective analysis of each leader's performance and the alignment between their capabilities and the organisation's strategic goals.

Engage a Trusted Partner: Consider engaging a trusted partner, such as MU, to assist you in this evaluation process. A reputable Leadership Advisory firm can bring an unbiased perspective, deep expertise and a structured approach to identifying leadership gaps and developing effective solutions.

Define Leadership Requirements: Work with your trusted partner to clearly define the specific leadership requirements for each role within your organisation. This involves understanding the context, expected results, and strategic objectives associated with each position. By aligning leadership expectations with organisational needs, you can create a comprehensive framework for selecting and developing leaders.

Assess Candidates Holistically: Implement a rigorous assessment process that goes beyond personality traits. Utilise a combination of personality questionnaires, cognitive exercises and reflection documents to evaluate candidates' track record, strategy approach and more. Look for alignment between their leadership capabilities, potential background, track record, ambitions and choices made. A comprehensive assessment will provide a holistic view of a candidate's suitability for a leadership role.

Focus on Behaviour-Based Development: Once the new leaders are selected. prioritise behavior-based development to enhance their leadership capabilities. Provide opportunities for them to participate in full-360 exercises, which involve receiving feedback from peers, subordinates, and superiors. Encourage open discussions based on the assessment reports and outcomes, fostering a culture of continuous learning and improvement.

Implement Changes: Implement the necessary changes identified during the assessment process. This may involve making replacements within key leadership positions. While some decisions may be immediate, others may require more time and careful consideration. Ensure clear communication regarding the changes, emphasising the rationale behind them and the positive impact they will have on the organisation's future.

Monitor Progress and Maintain Momentum: Regularly monitor the progress of the new leadership team and evaluate their performance against established goals and objectives. Encourage ongoing feedback and communication within the team. Celebrate successes and address any challenges promptly to maintain the positive dynamic and drive continuous improvement.

Developing a strong leadership team is crucial for organisations facing adversity. By assessing your current leadership, engaging a trusted partner, defining leadership requirements, implementing a comprehensive assessment process, focusing on behaviour-based development, and making necessary changes, you can strengthen your leadership team and enhance your organisation's ability to navigate challenges successfully. Remember, continuous monitoring and fostering a culture of learning and improvement are key to sustaining positive outcomes in the long-term. *CEO SUCCESS* ►EMYSTIFIED



## Developing Leadership in the Face of Adversity

By Marie-Bernard Guillaume



**The COVID pandemic came** with a multitude of problems for organisations, especially in healthcare. In this case, MU helped a hospital revamp its management team to become more robust. The pandemic raised the bar for leadership fundamentally and made the difference between good and poor leadership much more apparent.

The mission? Equip the hospital to meet current and future needs better. They wanted strong leadership, both internally and externally, and the Executive Board had expressed their wish for a review of the Leadership Team in light of the changing context that COVID had brought about.

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The big question was; 'Do they truly have the right leaders in place to tackle the future challenges?'

As their trusted partner, our job was to ensure that the hospital was adequately managed in the future. The big question was; "Do they truly have the right leaders in place to tackle the future challenges?"

After much deliberation with the client, the conclusion was straightforward. No, they don't. Also, our relationship with the client kept getting more tense as our recommendations frequently turned out to be different from what each Board member had expected. However, our recommendations were clear and concise.

We conducted a very thorough analysis of what leadership exactly meant in each leadership role (context and specific expected results). It was important for us to press upon them that there is no significant correlation between personality and leadership, which our assessments clearly proved. Each candidate was interviewed based on a personality questionnaire, cognitive exercises and reflection documents to explore their track record, strategy approach and much more. In particular, we looked for evidence confirming that the overall presentation and the strategy of the department, and the hospital, were of paramount importance to them.

Additionally, we looked for behaviour-based development focusing on leadership capabilities, potential background, track record, ambitions and choices made.

From start to finish the whole process took around six months. Some decisions were executed immediately while others took some time to get in place. And, in spite of the initial hesitation from the Board Members, most of our recommendations ended up being implemented. There

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It was important for us to press upon them that there is no significant correlation between personality and leadership, which our assessments clearly proved

were three replacements in the executive committee, and its overall dynamic has since improved noticeably. Additionally, the general perception of the culture within the hospital has turned around for the positive as well. Across the board, it remains a healthy improvement.



# Maximizing Board Efficiency: A Guide for Effective Corporate Governance

A company's Board of Directors plays a vital role in shaping the strategic direction, overseeing management, and ensuring long-term success. However, Boards can sometimes face challenges that hinder their effectiveness. In this guide, we will explore key strategies and best practices to enhance the efficiency of a company's Board and foster productive decision-making processes.



**Mieke Weijenberg** Global Head of MU Board and CEO Practice & Partner **SUCCESS** Maximizing Board Efficiency: A Guide YSTIFIED for Effective Corporate Governance

Define Board Roles and Responsibilities: Clearly outline the roles, responsibilities, and expectations for Board members. Establish a charter that includes the Board's purpose, composition, committee structures and, meeting frequency. This provides a framework for effective decision-making and ensures that everyone understands their contribution.

Optimise Board Composition: Carefully consider the composition of the Board. Strive for diversity in terms of expertise, skills, backgrounds, and perspectives. A diverse Board fosters robust discussions and brings a broad range of insights to the table, enabling better decision-making.

Implement Processes and Foster Cooperation: Teamwork in a Board of directors is crucial because it leverages the diverse skills and experiences of its members, promotes balanced decision-making, encourages accountability, and fosters effective problem-solving. A well-functioning Board team can contribute significantly to the success and sustainability of an organisation.

Enhance Communication and Information Sharing: Establish clear channels of communication between Board members and the management team. Provide timely and relevant information in advance of meetings to allow Board members to thoroughly review materials. Encourage open dialogue, active participation and constructive feedback during Board discussions.



Streamline Board Meetings: Efficient Board meetings are crucial for productivity. Consider the following practices to optimise meeting effectiveness:

- Set clear agendas: Define the meeting objectives and provide a detailed agenda in advance. Allocate time for strategic discussions, decision-making, and addressing critical matters.
- Limit meeting duration: Keep meetings focused and time-bound. Avoid unnecessary tangents or discussions that don't align with the agenda. Consider leveraging technology for remote participation and efficient document sharing.
- **Encourage preparation:** Request Board members to come prepared by thoroughly reviewing materials and raising questions or concerns in advance. This allows for more meaningful and efficient discussions during meetings.
- **Delegate to committees:** Leverage committees for in-depth examination of specific issues. Empower committees to research, analyse, and provide recommendations on topics before presenting to the full Board. This optimises time utilisation during meetings.

Foster a Culture of Accountability: Promote a culture of accountability within the Board and throughout the organisation. Clearly define performance expectations, encourage transparency, and hold Board members responsible for their commitments. Regularly assess progress on action items and follow up on implementation.

Continuous Learning and Development: Encourage ongoing education and development for Board members. Provide opportunities for training, workshops and seminars to enhance their knowledge and skills. Stay updated on industry trends, regulatory changes, and governance best practices to ensure the Board remains effective and informed.

Perform Constant Evaluation: Regularly evaluate the performance of individual Board members, committees and the overall Board itself. Conduct objective assessments to identify areas of improvement and address any skill gaps or shortcomings. This process helps maintain a high-performing Board and ensures alignment with the company's objectives. Regular Board Refreshment: Periodically assess Board member tenure, skills and expertise to determine if adjustments are needed. Board refreshment ensures a balance of experience and fresh perspectives, enabling the Board to adapt to changing business environments and challenges.

Seek Independent Expertise: Consider engaging independent advisors or consultants to provide objective insights, guidance and specialised knowledge on specific topics or challenges. Independent experts can enhance the Board's effectiveness and assist in critical decision-making processes.

By implementing these strategies and best practices, companies can maximise the efficiency of their Board of Directors. An efficient Board fosters strong governance, enhances decision making and contributes to the longterm success of the organisation. Continuous improvement, open communication, and a commitment to excellence are key to maintaining an effective and productive Board. *CEO SUCCESS* ► EMYSTIFIED



## Effective Boards are Paramount and Require Continual Development

**By Anonymous** 



We were facing challenges in achieving our long-term goals due to a lack of strategic alignment and dynamic chemistry among the members of our Board. It became clear that our Board's composition needed to be improved in terms of member competence and diversity to ensure future success.

Consequently, we turned to MU for their expertise in identifying the right Board members. What attracted us were their positioning and track record within Board and CEO work, with access to international candidates.

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This led to a close collaboration that allowed MU to understand our company's culture, strategic objectives and leadership style in detail

This led to a close collaboration that allowed MU to understand our company's culture, strategic objectives and leadership style in detail. They then proceeded to leverage their global network and were able to identify potential new Board members with the right mix of expertise and experience. They arranged for each of the candidates to be assessed by their experts to determine if their strategic thinking ability, long-term view and global geopolitical view would align with our company goals.

After a rigorous selection process, MU presented a list of highly qualified Board members with diverse backgrounds and skillsets. We engaged with these candidates in a series of open and transparent discussions to ensure a good cultural fit and alignment with our company's values.

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MU continued to support not only us, but also our management by providing advice on handling crucial topics for us like cultural development and innovation MU continued to support not only us, but also our management by providing advice on handling crucial topics for us like cultural development and innovation. Both current and new Board members also engaged in continual self-assessment and development to ensure their effectiveness in guiding the company towards future success.

As a result of MU's efforts, the Board have achieved strategic alignment and dynamic chemistry. Our collaboration as a group has also increased after the self-assessments, since we now complement each other's skills and expertise better. The

culture of respect, openness, and transparency that was fostered among the Board members and the CEO has created a strong foundation for our company's future success.



## Planning for a Steady Board Succession

For every organisation, Board succession planning is a critical process to ensure longterm success. By proactively identifying and developing new potential Board members, companies can maintain a strong and diverse Board of Directors capable of navigating future challenges. This guide provides an overview of the key steps involved in Board succession planning and offers insights on how organisations can implement an effective succession planning process.







### Understand the Importance of Board Succession Planning:

- **Recognise the strategic significance:** Board succession planning ensures a steady pipeline of qualified individuals who can fill future Board positions, maintaining strong corporate governance.
- **Emphasise diversity:** Seek diverse perspectives, experiences, and backgrounds to enhance Board effectiveness and adaptability.
- **Promote continuity:** Avoid sudden leadership gaps by identifying potential successors and providing them with appropriate development opportunities.

### Define Succession Goals and Criteria:

- Set clear criteria: Define the competencies and qualifications required for Board roles and future leadership positions.
- **Determine succession timelines:** Establish a succession planning cycle and with anticipated leadership leadership transitions to maintain stability.

### Identify Potential Board Candidates:

- Internal candidates: Assess current leadership team members, senior executives, and high-potential employees who demonstrate leadership potential.
- **External candidates:** Conduct a thorough search to identify external candidates with the desired skills, expertise, and diversity.
- Seek independent advice: Engage an Executive Search firm to tap into a broader talent pool and to gain unbiased insights.

### Assess and Develop Candidates:

- Evaluate potential candidates: Use a combination of interviews, assessments, reference checks, and background screenings to assess their suitability for Board positions.
- **Provide developmental opportunities:** Create tailored development plans, mentoring programs, and training sessions to prepare potential Board members.
- Rotate committee assignments: Offer opportunities for candidates to serve on Board committees to gain exposure and develop their skills.

### Engage the Current Board:

 Communicate the succession plan: Share the Board succession plan with existing members to ensure transparency, manage expectations and to gain their support. • **Encourage mentorship:** Promote mentorship relationships between current Board members and potential successors to facilitate knowledge transfer and skill development.

### Smooth Transition and Onboarding:

- Facilitate knowledge transfer: Establish a comprehensive transition plan to ensure outgoing Board members share their insights, experiences and critical information with successors.
- **Provide onboarding support:** Offer orientation programs, materials, and resources to new Board members, enabling them to understand their roles, responsibilities and the organisation's culture.

### Monitor and Review Succession Planning Efforts:

- Regularly evaluate the effectiveness of the succession planning process.
- Solicit feedback from current Board members, potential successors and executive leadership.
- Continuously adapt and refine the succession plan based on organisational needs, emerging trends and feedback.

Board succession planning is an ongoing process that requires foresight, strategic thinking and a commitment to talent development. By following this guide, organisations can build a robust pipeline of qualified Board members, ensure a smooth transition of leadership and position themselves for long-term success in an ever-changing business landscape. Remember, an effective Board succession plan is a key driver of corporate governance, strategic decision-making and sustainable growth. CEO SUCCESS ►EMYSTIFIED

