Executive Succession: How do YOU Want to be Remembered?

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Unfortunately, most companies do not plan for a successor, according to recent survey findings from the National Association of Corporate Directors (NACD). Nearly 67% of public and private U.S. companies do not have a formal succession plan and hence are placing their companies in serious jeopardy.

There is a litany of reasons why CEOs do not create a succession plan, ranging from immortality ("I will live forever") to board insouciance ("There are other pressing issues such as finances").

Sumner Redstone, the majority shareholder in Viacom and CBS Corporation, is a prime example of a selfish leader, a person who places his self-interest above other people and the well-being of the organization. Redstone has been quoted as saying "I will not discuss succession. You know why? I'm not going to die." Redstone has created a battle royale which has resulted in corporate governance turmoil.

Unlike Redstone, CEOs should incorporate the following steps as part of their succession plan to ensure that their companies and stakeholders can carry on smoothly after they're gone.

1. Begin planning for a successor from day one. CEO succession is an ongoing activity rather than a one-time event. Jennifer Pellet, editor-at-large at *Chief Executive* magazine believes that succeeding at executive succession is directly linked to the development of a succession plan when the CEO successor begins his or her first day in office.

"A succession plan dialogue should begin on the CEO's first day in office."
2. Create a specific succession policy and stick to it. A decision should be made to identify an heir apparent from within the company, to create a horse race among several insiders, or to forego insiders in search of outside candidates. These alternatives all have strengths and weaknesses which should be carefully thought out prior to any policy development. Ironically, two recent *Harvard Business Review*blogs have found mixed results of the effect of insiders vs. outsiders selection as successors, so a policy is essential.

3. Ensure smooth CEOs transitions. Getting succession planning right provides departing CEOs with a smooth, less stressful transition when passing the baton to their successor. Ken Favaro, Per-Ola Karlsson and Gary Neilson, senior partners with Strategy&, found that poor succession planning is expensive, calling it "The $112 Billion CEO Succession Problem."

4. Despite position and power in a company, CEOs are not immortal. You will recall that several young CEOs have died in office, including SurveyMonkey's 47-year-old Dave Goldberg. At best, CEOs are only short-term stewards of their companies who will be remembered for what they did to create sustainable companies rather than what they have taken from them.

The next time the issue of succession comes up, think about how you want to be remembered as a CEO. It is strictly up to you.

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