



## Are You Doing Things “On Purpose”?

Be prepared! This April, the Boy Scout motto came to life. Some Boy Scouts were hiking in Harriman State Park. They came across journalist Ann Curry, in pain and hobbled. She said she thought her ankle was broken.

The scouts collected items to make a splint. But even with the splint, Ms. Curry could not negotiate the terrain. Again, the scouts were prepared. They made a stretcher with 2 poles and tarp and then tested it on a scout before placing Ms. Curry on the stretcher. The scouts then carried her down the steep terrain with a guide in front to avoid any trail pitfalls.

Thirty minutes later, Ms. Curry was reunited with her husband and son who had gone for help. Safely in the family car, she was taken to a hospital for treatment.

Many lessons can be learned here. The scouts didn't have a splint, but knew how to fashion a splint. The scouts didn't have a stretcher. Again, they knew how to create one. The scouts didn't leave hiking down the mountain to chance. They assessed the smoothest path.

Succession planning is like that. Do you think it is purely coincidental that the word success is in this critical process? It is proven that companies that perform strategic succession planning have a higher retention rate and a higher level of corporate performance than those that do not.

The Rock Center for Corporate Governance at Stanford University did a study which showed that 50% of companies cannot immediately name a successor to the CEO, let alone below this position. In a 2010 survey on Succession Planning, only 54% of companies are "actively grooming" a successor and another 39% admitted to having "zero" viable candidates. Sadly, most boards spend less than 2 hours a year on average planning for succession. Of the 50% who did have plans in place, only 65% of those have actually asked the identified candidate if the job is wanted.

Succession planning requires preparedness. What attributes will a successor need to lead the organization through its upcoming challenges? When successor attributes are defined, maintain evaluations of internal candidates. Can professional development help fill in gaps of bench executives?

Let's use a classic example. McDonald's Corporation was about to kick off its 2004 annual meeting when hours prior to the event, CEO Jim Cantalupo, died of heart attack. Even before the markets opened that day, the board assembled and announced Charlie Bell as successor. Sadly, Mr. Bell was diagnosed with cancer 9 months later and ultimately resigned. Jim Skinner was then announced as CEO. Mr. Skinner guided McDonald's through a downward economy, menu changes, and public

criticism for its fried menu. Then in March of 2012, Don Thompson, another internal candidate groomed for the spot, was named CEO.

You cannot plan for illness, accidents, or the more common resignation by a CEO and/or their direct reports. Yet well-crafted succession plans save time, money, aggravation while retaining leaders. An added bonus to succession planning is it builds future leaders, creates discussion for big-picture thinking, and requires individuals to think about today's decisions, their impact and their legacy.

Be prepared! Always leave your campsite better than you found it! Maybe today's corporate boards and leaders would do well by reading the Boy Scout Handbook.