



## Who Could Possibly Replace You?

***The Board of Directors of Central Maine Healthcare has put the future into perspective. The Lewiston, Maine-based healthcare facility needs a succession plan for its executive team – and it needs it now.***

This is a daunting task, especially since the current team has developed an unusually tight bond over the past two decades.

The group as a team, personally and professional, came to understand each other almost intuitively, as they've wrestled through difficult decisions, always achieving consensus before moving forward. They know the talent and chemistry of this team will be very hard to replace.

So, for Charles T. Guy Orne, the Executive Vice President, Chief Financial Officer, and Treasurer – who is within three years of retiring – finding his successor has risen to a heightened level of urgency.

Orne has to determine if someone currently on his team has the qualities necessary to succeed him. He must determine whether they have leadership potential. And he needs to be able to connect with them in a real and meaningful way, so that he can groom them to step up to the post he is leaving.

Orne describes the person he is seeking: "I am looking for someone who has myriad attributes. This individual needs the technical competency to oversee a financial team. Then, he or she will need to exhibit strong leadership skills. Most important among those are people skills and passion. I'm also looking for someone with a strong intuitive nature, because you have to deal with people on so many levels; you need to be able to read them and understand why they act

the way they do. Most importantly, they need to convey confidence and trust – so that others believe in them."

Orne has come to recognize that this is more than just retiring. He has to prepare for a complete change in his personal and professional life. And the step he's taking will likely have a significant impact on the organization he has helped to lead for more than two decades.

### With Retirement Looming

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Orne is among 25 percent of senior executives who are now eligible for retirement. As the Baby Boom generation takes the adage "tuning in and dropping out" to an entirely new level, succession planning is taking on a new meaning.

Succession planning involves: being clear about your strengths and limitations; having a vision of the future of your company; being able to express the vision compellingly; assessing the qualities of your future leaders; and ultimately making a real connection between you and them and where your company is now and where it will be in the future.

So beyond understanding the changes in accounting, compliance, mergers, global markets, and emerging strategies, Orne's replacement will need to connect and communicate, almost intuitively, with the executive team, as well as possess the qualities and motivation to help lead Central Maine Healthcare into the future.

It's a lofty job description, and Orne is charged with finding his replacement from either inside or outside of the business.

**He should start by asking himself six key questions – the answers of which will start to tell him what kind of leader he is seeking. To make this process most effective, Orne is working with a coach to help him stay focused and honest about these critical issues:**

**1. Does he understand how his position will evolve?**

Inside this main question are others: Is he clear about where the organization hopes to be in the next five years? Can he envision its future? Will it remain a similar size? Or grow exponentially?

**2. Does he have a clear understanding of what his replacement might look like, psychologically speaking?**

How similar to him will this person be? What strengths might he or she possess that Orne doesn't?

**3. Does anyone within the organization have the talent, potential, and motivation to lead and then take it to the next level?**

If so, there is sufficient time to provide the coaching the individual will need? Or does Orne have to look outside his organization for the talent?

Given the choice, experts recommend thoroughly exploring and exhausting all internal candidates before considering going outside the organization.

**4. Does he have a trusted advisor?**

A coach can start by providing an in-depth personality assessment on how to relate with the qualities that drive the individuals being considered. Such insights can reveal, among other things, how the individual will lead, solve problems, persuade, and manage time and priorities.

These insights will also help Orne understand the dynamic between him and his possible successor, including how they might communicate together effectively.

**5. Is he ready to let go?**

This is a very tough and complicated time – both personally and professional. Often, as we go through large changes in life, we learn much about ourselves. Coaches can help to understand, on a much deeper level, what's going on, how to let go of where we've been, and how to prepare for where we are going.

**6. Is he ready to help his successor replace him?**

How Orne handles this transition will play a large part in whether his successor succeeds. This includes far more than just transferring and sometimes translating the knowledge he has acquired. Orne will need to coach his successor on how he has succeeded. Oftentimes, those aspects are the most difficult to transfer, because they come to an individual almost intuitively. How does Orne work most effectively with his CEO, with whom he has had a very close relationship for more than 20 years? How does he get the best out of his department? How does he work with colleagues throughout the organization? With the board? With clients?

At this point, Orne is just shy of being halfway through the process. He is clear about where the organization is going; what qualities his successor will need to succeed; and how much time he has. Right now, he is focusing on whether anyone in his organization has the potential and the right chemistry to replace him. There is much to weigh in this important decision. And the clock is ticking loudly.



## Who Has Potential?

Halfway across the country, Frederick Ruegsegger, the CFO of growing pharmaceutical company Sterigenics International Inc., places less urgency, but as much importance, on selecting his successor. Ruegsegger oversees 50 people globally, including professionals in finance, technology, law, and human resources.

Sterigenics, he explains, was spun off a few years ago and bought by a private equity firm. "When they came in, they had a limited horizon. They had a certain timeline in mind. So you go in knowing there will be a major change of some sort in three to five years," he notes. So, although Ruegsegger is only 52 years old, selecting a successor is very important to him and the company. Beyond the inevitable changes at the firm, another reason succession planning is on his mind is because Ruegsegger commutes from his home in California to a Chicago suburb. He quips that this is "an accident of the history of the company," adding, "as a result, it is unlikely that I will do this for the next 10 years."

As he considers who could step into his shoes, he says, “It is better to get a successor from the inside – if the individual has the potential and if it is good for them and the rest of the organization.” He adds, “If someone is not ready to take a leadership role, to try to push them in too soon would not do them or the company any service.”

How does Ruegsegger determine if someone has the potential to lead? And, if they do, what gaps will need to be filled?

Part of it, he says, “starts with having a culture where you believe in identifying and developing talent. We conduct and share in-depth personality profiles, as well as 360-degree analyses, with our employees. This way, they have a clear understanding of what really motivates them and how they come across to others.”

He says the individuals have also undergone team-building sessions to strengthen the way they work with each other. This year, he says, they are piloting succession planning at the highest levels of the company.

“With that background, we are sitting down with people and asking about their goals for the future. Some people are high-potential candidates, but they don’t want to take on responsibility. So that changes the conversation,” he says.

“But if they are interested in moving up, then you put in place some training programs, coaching, and experiences (such as managing a project or a new team). This way, they can take on responsibilities that they wouldn’t otherwise,” he continues.

Providing the skills, training, and experience is actually the easy part, according to Ruegsegger. “The tougher things to work on,” he says, “are the interpersonal, leadership, and communication skills and their emotional intelligence. Those are the gaps that are most difficult to fill.”

Currently, Ruegsegger is seriously considering one of two internal candidates as a possible successor for himself. “From a technical perspective, they are both very capable,” he comments. “There are some pieces each of them will need, in terms of experience, and we are giving them those. So the real question is: Which one of these individuals is in a position to lead?”

He pauses and then adds, “They are both technically adept. But they are very different in terms of their personalities. Each has different responses to pressure and different interpersonal skills. One is very organized and cool under pressure but not particularly outgoing. The other is more sociable but has a tougher time dealing with the unknown.”

How hardwired are those proclivities? “In some respects, they are mirror images of each other. One’s area of strength fits together with the others’ – like two pieces of a puzzle,” Ruegsegger adds.

“We are providing leadership development and coaching for each of them. And we’ll see. Right now there are no specific deadlines. Our goal is to identify likely candidates for all of our key positions and put in place plans for each of them. Clearly this will take time,” he says. And, “You just never know how much time you have.”

## Know Yourself

The previous examples speak to the challenges inherent in choosing a successor. Ultimately, that choice starts with knowing yourself. It helps to become comfortable with the personal and professional crossroad at which you find yourself.

Also, you want to be able to identify the potential of the key contributors that you have surrounded yourself with. Who has the qualities and drive to take your place? Can you help to develop their potential? Do you connect with them in a meaningful way? Can this individual help lead where the organization needs to go?

Selecting your successor should be a primary goal. For CFOs who will be retiring in less than 10 years, these questions should be top of mind. For those retiring in three to five years, these questions should have already been answered.

Success in finding and grooming your successor will say an enormous amount about you and will help define your organization as it moves into the future.

Leaving a lasting impression is one of the biggest challenges you have to face. And the future is closer than you think.

## TAKEAWAYS

*Twenty-five percent of senior executives are now eligible for retirement as the Baby Boom generation takes the adage “tuning in and dropping out” to an entirely new level. Succession planning is taking on a new meaning.*

- **Besides the basic accounting, compliance, M&A, and strategic knowledge, today’s successors need to be able to connect and communicate with the executive team and possess qualities to motivate and lead others.**
- **Experts recommend thoroughly exploring and exhausting internal candidate options before considering looking outside the organization.**
- **Some questions to ask: Does anyone internally have the talent, potential, and motivation to take the organization to the next level? How similar to you will your successor be, and what strengths might they bring that you don’t have?**

*Herb Greenberg is the Founder and Chief Executive Officer of Caliper, an international management consulting firm based in Princeton, NJ which helps Fortune 500 and fast-growing smaller firms hire and develop top performers. More information is available at [www.calipercorp.com](http://www.calipercorp.com). You can also contact us at [info@calipercorp.com](mailto:info@calipercorp.com) or via phone at 609.524.1400.*