

Breakout 3: **Succession Strategy Unpacked: Who Is Your Next CEO?**

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#BBTF24

Succession Strategy Unpacked: Who is your next CEO?

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Agenda

1

The Role of the Board in Succession Planning

2

Common Pitfalls of CEO Successions

3

Objective Assessment & Interviewing

4

Internal & External Candidates

5

CEO Transition and Onboarding

CEO Succession Planning



CEO Succession Planning

“ —

More than 80% of boards now consider CEO succession planning a critical priority



Board's Responsibility



Appoint Selection Committee

“The search committee typically dedicates 200+ hours to the CEO search process”



Define Future Position Profile

- Attributes at time of succession
- Strategy for bank's growth
- Size at time of succession

Future Position Profile



The FOUNDATION of your
CEO Succession Process

Future Position Profile



The FOUNDATION of your
CEO Succession Process

Bank Description

Who you are
Where you're headed

Role Mission

Purpose
Goals

Role Responsibilities

Strategic implementation
Daily duties

Ideal Experience

Previous experience
Proven abilities

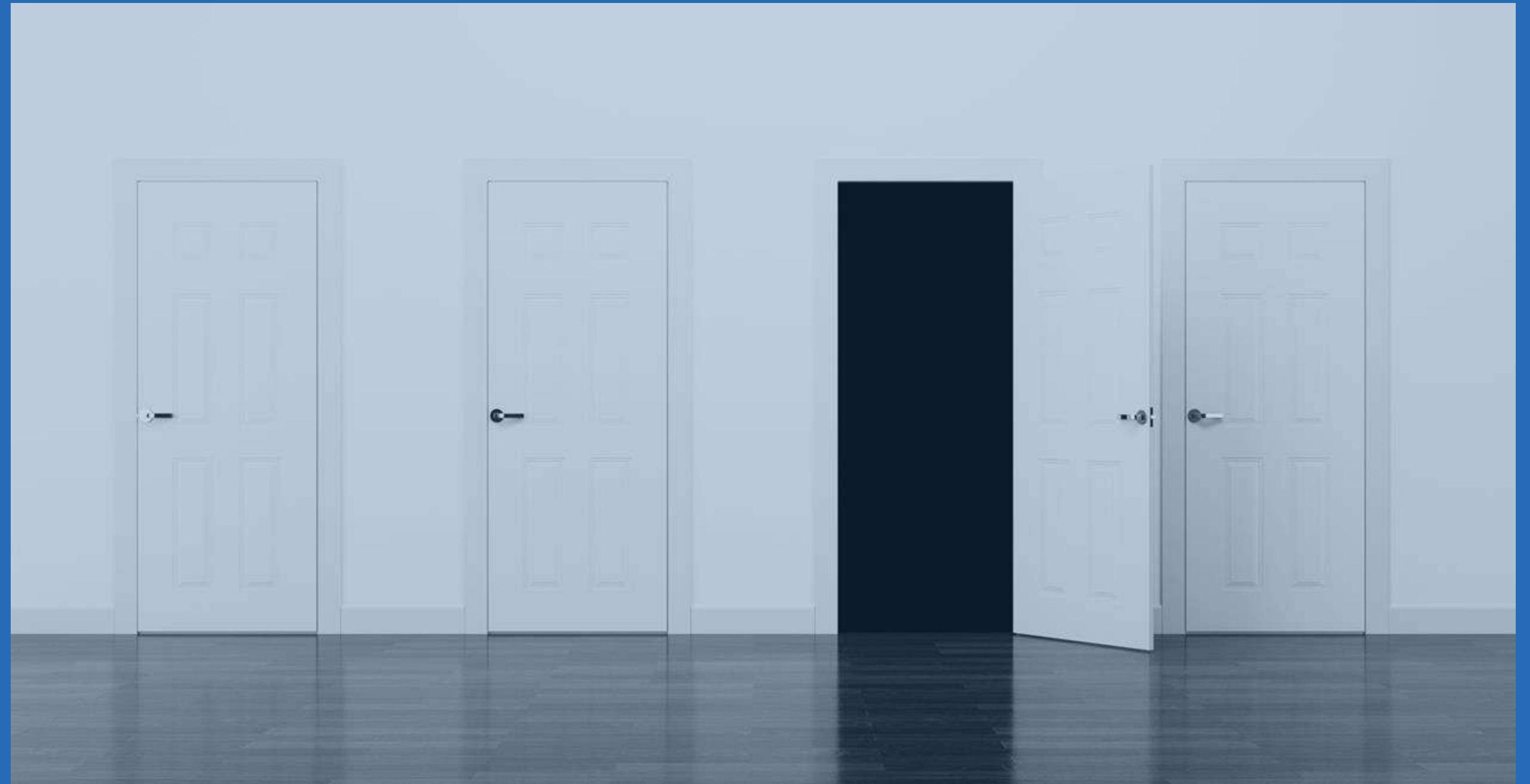
Ideal Person

Culture fit
Personal attributes

Education

Schooling
Specialized Training

Common Pit Falls



Common Pit Falls

Timeline	—————	If your timeline extends, you risk losing your internal candidates
Control	—————	CEO / Board / Ownership is not prepared for shift in control
Support	—————	“50% to 70% of executives fail within 18 months of taking on a role”



Objective Interviewing



Objective Interviewing

GOAL: Accurately assess candidates and their abilities against the Future Position Profile

Agreement on
Attribute
Definitions

Consistent
Interview Structure

Consistent
questioning and
evaluation

Disciplined Score
Card Usage

Assessment Methods



Assessment Methods

01

Assessments

- Formal assessment tools such DISC
- 'Score card' created internally
- Business Plan Presentation

02

360 Reviews*

Ensure the candidate has followership

*Applicable only to internal candidates

03

References*

Confirm your assessment through former bosses, peers, and subordinates

*Applicable only to external candidates

Internal and External Candidates



Attributes

Exemplary Leadership	Integrity	Higher Economic Understanding	Emotional Intelligence	Strategic Vision
Financial Acumen	Market Intelligence	Regulatory, Compliance, Legal	Customer and Community	Goal Achievement
Executive Capacity	Accountability	Teamwork and Collaboration	Cultural Alignment	Develop People
Executive Presence	Decisiveness	Listening and Communication	Technology Operational Expertise	Analytical Thought Process

CEO Skillset

Coachable	Hard to Coach
Team Communication	Character
Followership	Strategic Planning Skills
Business Acumen	Emotional Intelligence
Executive Presence	Cultural Alignment
Technical Depth	Operational Rigor

Internal vs. External Candidates

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39% of companies had no viable internal candidates ready to step into the CEO role

PwC

”

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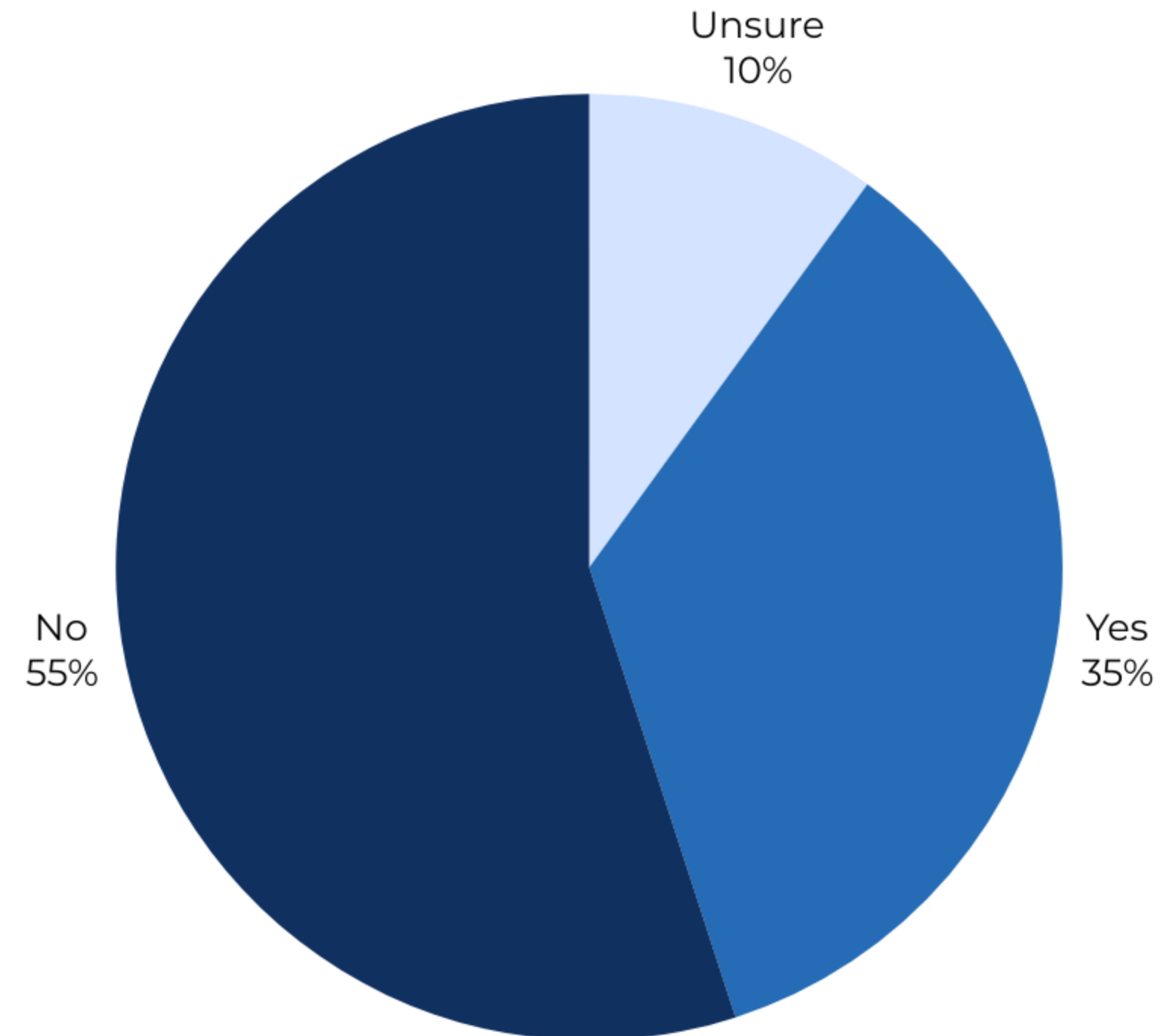
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External Candidates

Is your bank looking
at external talent?

35%

say yes, and another
10% say they are unsure



External Search

01

Mindset

- Investment in the future
- Marathon, not a sprint
- Law of diminishing returns

02

Timeline

- 120 days
- Consider transition
- Factor in relocation

03

Methods

- Board's network
- Executive's network
- Executive Search firm

Tips for External Search



Advanced Scheduling

- Status calls
 - Either internal or with external partner
- First round interviews
- Second round interviews
- On-site visits

Tips for External Search



Compensation

- Be prepared to match the market
- Agree on components beforehand
 - Base
 - Bonus
 - LTI / stock
 - “Make whole” costs
 - Relocation costs

Tips for External Search



Confidentiality

- Confidentiality may be necessary
- Understand confidentiality will slow the search process down
- Non-confidential searches allow you to reach more candidates and network to the right person faster
- In some circumstances, confidentiality can be an advantage

Tips for External Search



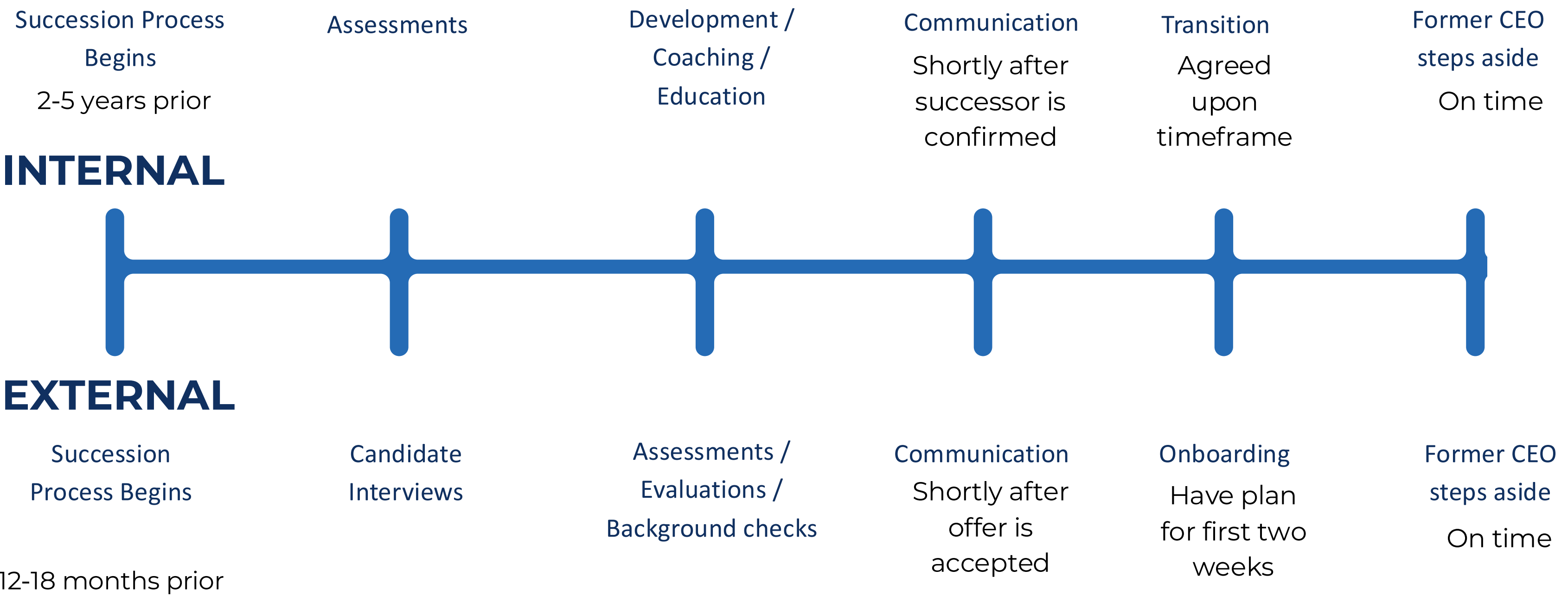
Including Internal Candidates

- Communicate with internals around the process
- Put internals through the same process as externals
- If working with external search firm, have the search firm conduct their own interview and analysis of the internal candidates

CEO Transition & Onboarding



Timeline



Communication - Internal

TIMEFRAME	ACTION	DETAILS
When board kicks off succession process	Conversations with those in consideration	Include timeline and process outline
When candidate is selected	Communication to candidates	Outline expectations and agree on timeline
>6 months before current CEO retirement	Current CEO makes announcement	Live update, first to ELT then to whole org
2 weeks before transition	Finalize onboarding plan	Prep key stakeholders and ELT for transition

Communication - External

TIMEFRAME	ACTION	DETAILS
Search goes to market	Announcement, first to ELT then to whole org	Include timeline and process outline
6 weeks into search 12 weeks into search	Communication with progress update	Email or live update, depending on audience
At time offer accepted	Current CEO makes announcement	Live update, first to ELT then to whole org
2 weeks before transition	Finalize onboarding plan	Prep key stakeholders and ELT for transition

Onboarding



Meet & Greet

With entire organization

One-on-Ones

With executive leadership team

Social Activity

With key stakeholders and spouses

Meetings

With direct reports

Systems Training

To cover software, databases, processes, etc.

Tour

Of main office(s)
Of new town if relocated

Q&A



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Board Evaluation Tool

Assess the strengths, agility, and skills gaps of your board relative to your strategy.



Succession Planning Tool

Leverage Chartwell's online tool to begin the process of assessing the strengths of growth opportunities for team members.

