

# THE PACKER

July 19, 2004



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## Work on picking your next CEO while you still have one

**L**OS FELIZ, THE HILLY NEIGHBORHOOD where I live in Los Angeles, is a mapmaker's nightmare.

The streets twist, turn, dead-end, double back, and most of them end in Oak (Fair Oak, Live Oak, Mountain Oak, etc.). Whenever I host a party, I lose at least a few guests. They're the ones who forget my directions and entangle themselves in an Oak-street maze.

Just like finding my house without directions is risky and difficult, so is managing a company's future without mapping out a chief executive officer succession plan.

Your CEO ranks among your most valuable strategic assets; therefore, absent a cloning program, it's vital to consider how you'd replace him or her.

**REACTIVE RESPONSE:** The first prong of CEO succession planning is reactive and short-term. It's based on a worst-case scenario: Who'd take over if a lettuce truck ran over your top executive tomorrow?

Designate who is in charge should lightning strike. An emergency succession plan translates into good crisis management. With a capable interim CEO, your firm can stabilize and initiate an orderly process to select a permanent leader.

**PROACTIVE PLAN:** The second prong of CEO succession planning is proactive and long-term. As with a strategic plan, it forecasts where your company is going and who can take you there.

A nonemergency succession plan begins with assessing your current position and future direction. Looking ahead five or 10 years, what must the firm do well to succeed? What challenges, opportunities and problems will a future leader face?

Don't bypass this strategic assessment even if your CEO and company perform well now. A shifting landscape of competitors, customers and consolidation can catapult you quickly from prosperity to poverty.

As Will Rogers joked, "Even if you're on the right track, you'll get run over if you just sit there."

Completing a strategic assessment lets you pinpoint hard and soft skills a new leader must possess. Make a detailed list of non-negotiable success factors, such as personal integrity, leadership ability, customer sensitivity, business acumen and so forth. Ideally you'll produce a total-person picture of the best-fit executive for your business.

At this point, use your CEO characteristic chart to consider potential successors. Keep an open mind.

Avoid overestimating the talent you know, underestimating the talent you don't know, or vice versa. When considering the possibilities, expand your horizons. Don't settle for anything less than industry best for your top job. Selecting a CEO is the most critical ingredient to future business success.

Compare internal candidates with your strategic assessment and desired executive qualities.

How well do their experience, personality and skills match your requirements? Interview supervisors, peers and direct reports to gather multiple perspectives on the individuals' performance over the years and in a variety of circumstances.

Even if there's an "obvious" heir apparent, don't discard this due diligence. It's your moral and fiscal obligation to cast a wide net and consider the broadest pool of qualified candidates.

**KEEP AN OPEN MIND:** CEO succession planning reduces to a simple question: who's the best person in the produce industry to lead your firm? The answer may lie inside or outside your company.

Either way, it's wise to benchmark internal and external candidates against a central set of desired executive qualities. At best, you confirm how wonderful your inside star really is; at worst, you realize that an outside candidate might shine even brighter.

Should internal candidates be close but not perfect, use time — the gift proactive planning gives. Avoid a "horse race" by grooming potential CEOs. Rotate them through different positions, units, or locations to make them grow; assign CEO-type challenges, projects and responsibilities to watch them sweat.

How they perform is critical since, as industrialist Andrew Carnegie wrote, "you can't push anyone up the ladder unless he's willing to climb himself."

Ultimately CEO succession planning — or *how* you choose — matters just as much as CEO selection — or *whom* you choose. Rush into the process without preparation, deliberation and foresight, and you'll lose peace of mind and possibly the position's best pick.

In the end, it's simple: You can't find a large, tangible object like my house without directions. Why assume that you can locate an intangible, far rarer commodity — your company's ideal next CEO — without a road map to success?

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