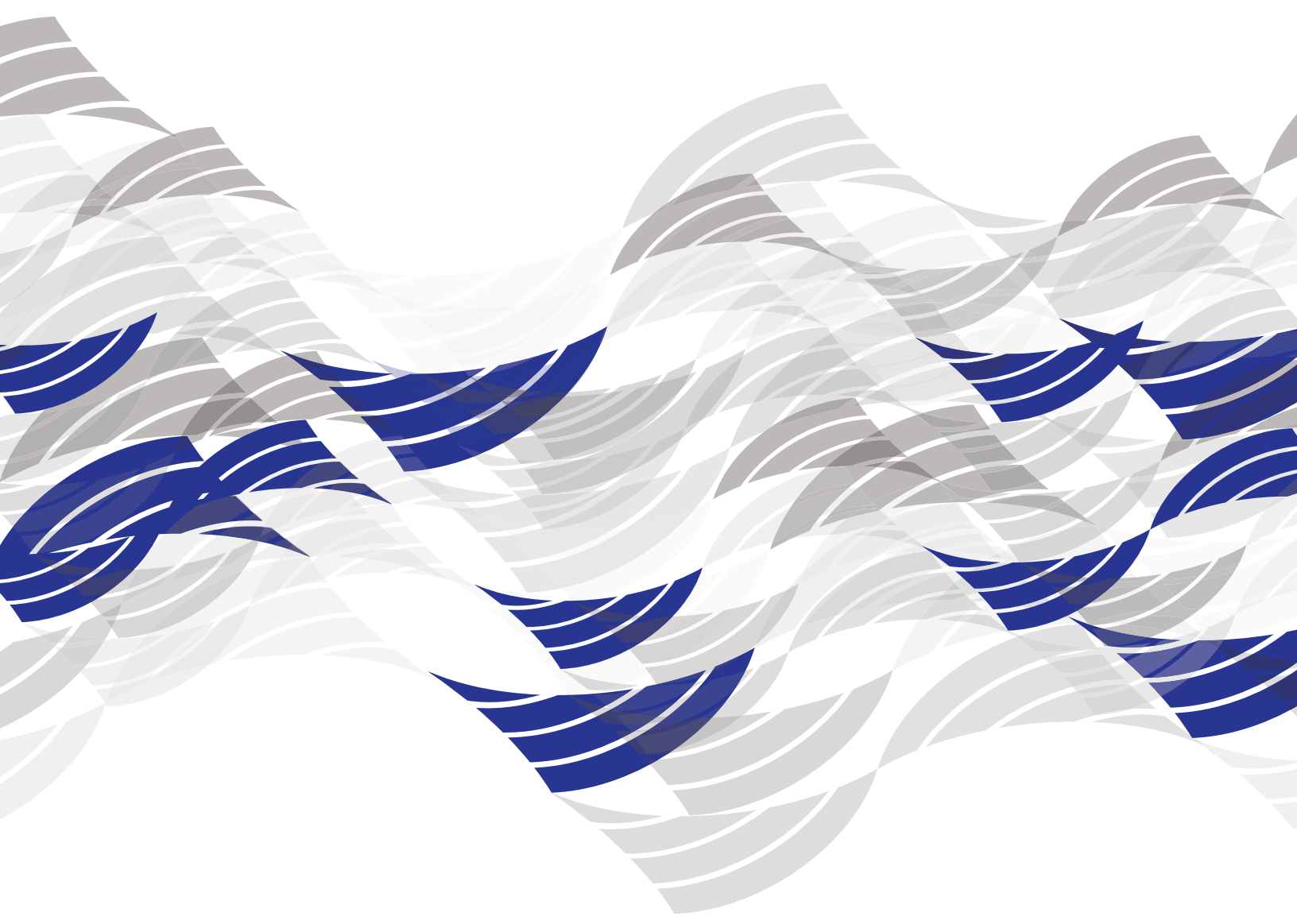


WHITE PAPER

# Are You Ready? 4 Keys to Becoming a CEO

By: William Pasmore





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# Introduction

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An impressive track record is not enough to prepare you for being a CEO—necessary, but not enough.

The CEO job is fundamentally different from any other senior leadership role. Until you've lived it, you can't fully know what it's like. But there are steps you can take to be prepared.

In our work with corporate Boards, CEOs, and human resources executives, we see too many companies that wait too long or fail to take the right steps to prepare candidates for the top job. And too few candidates have taken a close look at—much less developed—the full range of what it takes to succeed as the top leader. It's not surprising, then, that almost half of all CEOs fail and companies struggle with short-tenured chief executives.

For companies looking to improve the outlook for CEO succession, the first piece of advice we give is to *start sooner and plan more*. The same advice goes for individual leaders, if you have ambitions for the top job.

The second recommendation is to *understand the differences between being a senior leader and being the CEO*. This is the crux of the challenge to prepare CEO candidates. The development plans and experiences, mind-sets and skill sets, networks and mentors that helped bring someone to the point of successful senior leadership do not guarantee success as a CEO.

The third recommendation is to *give each candidate a tailored opportunity to bridge any gaps before a selection is made*. Create a plan for potential CEOs to address their specific needs and gain CEO-caliber experiences before they step up. If this isn't possible, as in the case of an emergency appointment, then be prepared to provide support to the new CEO in critical areas where experience is lacking.

We've found that the well-prepared CEO shows four kinds of "readiness"—*experience, personal, network, and relationship readiness*. CEO candidates want to be sure they've got all four areas covered before they step into the spotlight—and the top job. This paper addresses each type of readiness; first, let's look at the succession process from the perspective of the candidate and then the current CEO and Board.



# The Candidate's View

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If you have CEO ambitions, you look impressive on paper.

You probably run a major business unit or function. You've gotten degrees and training from a top business school. One or more international assignments are under your belt. You have a track record of stellar performance and a fair amount of political savvy. You may even believe you are your company's top candidate to succeed the current CEO.

Alternatively, you might not see a clear path to the top seat in your current company. A CEO spot with a competitor or in a different industry could be the right move. The right recruiter just may get your attention.

It's also possible that you're eager, but not yet ready. You know you lack critical experience or other qualifications that will keep you out of the CEO role. If you aren't getting the attention and preparation you need from your own organization, you may be wondering how to bolster your resume and be prepared for a future opportunity.

Each of these scenarios is common in the upper levels of leadership in large organizations. As a potential CEO candidate, you need to be fully—and realistically—prepared to do the job. You need to be sure you are ready to be CEO.

But you also need to realize that it's not what you think that matters. When it comes to selecting a CEO, it's what the current chief executive and the Board of Directors thinks.

We've seen many instances of CEO candidates being caught by surprise when their CEO or Board chooses another internal candidate for the job or finds a successor through an external search. These "votes of no confidence" can be damaging to one's ego and career prospects.

We've also worked with senior leaders who play their hand with a recruiter, or jump ship to gain new experience, at the wrong time. You need to be ready to go and fully prepared when you take that step. Don't risk burning bridges before it's wise to do so.

**The question for potential CEOs becomes:**

**What will prepare you to be CEO in your own mind and—more important—in the judgment of others?**

# The CEO's View

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The CEO of one of the major retail chains in the world—we'll call him J.P.—was looking to step down when he realized his potential successors weren't prepared to take his place.

The short list of candidates weren't lacking knowledge. They had been to some of the best business schools and training programs in the world. And they all had the right experience, running major business units or holding key executive positions. Most had managed international operations. Each of them probably thought they were ready to move up.

But J.P. was well aware that until you actually become the person in the corner office, you can't imagine what the job is really like. He needed to prepare the candidates to take the big step, but how?

Sending a candidate for a short course to fill a gap wouldn't add greatly to his or her impressive knowledge and demonstrated abilities. A lateral move into another business unit or a different corporate function would provide another perspective, but that alone wouldn't prepare the candidate for what lies ahead, either.

J.P. shared his concerns with the senior vice president of human resources. They hit upon a different approach.

First, J.P. reflected on his own ascension and tenure. He made a list of the things about the job that he hadn't understood and consequently wasn't prepared to handle. He considered the pressures the next CEO would confront on day one—and realized there would be little room for error and on-the-job learning once the successor was in place.

With this clarity, J.P. and the SVP-HR, in collaboration with CCL, created individual plans tailored to the specific needs of each candidate. Over the next 18 months, each candidate was provided experiences, mentoring, feedback, and connections that would fill in any gaps, mitigate weaknesses, and provide a clear-eyed view of the CEO role. At the end of the period a successor was chosen, and he has done brilliantly in the job ever since.

**Like J.P., the question current CEOs—and Boards of Directors—should be asking is:**

**What would it take to prepare the next-in-line CEO?**

# Finding and Fixing the Missing Pieces

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As J.P. contemplated how to prepare his potential successors, he hit upon several insights for finding and fixing the missing pieces in the company's CEO succession plans. These six factors reflected much of our own experience working to prepare CEOs, as well. They hold lessons for both organizations and CEO candidates.

## 1. Doing more of the same doesn't make a difference.

Seasoning executives by leaving them in their current roles longer will not add greatly to their readiness to become CEO. Once a person has been in a role for a few years, most of the significant learning associated with that role has been achieved. That's why it's a mistake to look at years with the company or years in a particular job as a surrogate for readiness. Instead, look to the range of experiences or jobs they have had.

The retail company candidates had already held both line and staff positions. Some had international experience while others still needed to

obtain it. With enough time to plan a CEO succession sooner, the company might have had each candidate go through another round of career moves—which may or may not have been necessary from a strategic standpoint. Instead, the CEO set out to identify significant project assignments that would present candidates with challenges they hadn't experienced.

One candidate who needed strategic planning experience was asked to lead the company's scenario planning, responsible for everything from bringing the right resources to the table to seeing the plans through to execution. Another, who needed more international experience, was asked to attend international business forums including the World Economic Forum and meetings at the Council for Foreign Relations, and to lead the company's entry into a new geographic market. Another, who was technologically challenged, was given responsibility for leading the company's technology improvement initiatives. Each assignment was both critically important to the company and developmental for the candidate.

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**CANDIDATE CHALLENGE:**  
**Change it up.** Staying in your current role longer isn't the key to readiness. Nor is round after round of career moves that build on what you already do well. Honestly assess your weak spots, identify skills you need, and seek out challenges or roles that fill those gaps. Note that you need to learn and lead as you go—the ability to succeed in unfamiliar territory is an essential CEO skill.

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## 2. Real-time mentoring is powerful.

CEOs are extremely busy. With multiple people on their leadership team, mentoring CEO candidates is like exercising—it's hard to find the time to do enough of it to make a difference.

With his departure approaching, the retail CEO renewed his commitment to mentoring succession candidates. Even if the candidates couldn't experience the world of the CEO directly, they still engaged in observable behaviors that would shape their future success in that role. Again, thinking about each person individually, J.P. made a list of the areas in which each person needed to improve. Then, he looked for opportunities to coach the person for improvement in that area.

For example, J.P. paid attention to whether his candidates were successful in attracting superior talent and then how they assessed talent. When a candidate was generous with his assessments, covering for loyal but underperforming leaders, J.P. coached him on the consequences of his actions and demanded that performance issues be dealt with more openly and candidly.

In another instance, J.P. saw that one of his candidates avoided public speaking. The CEO challenged him to become the company's best spokesperson and assigned him several important speaking opportunities. He worked with the executive personally and also asked him to work with peers and professionals to improve his speaking abilities.

A third candidate, who had difficulty collaborating with peers, was asked to take the lead on a major initiative that required cross-functional support across the entire organization. J.P. helped her process the feedback she received from her peers on her team leadership.

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### CANDIDATE CHALLENGE:

**Seek the CEO view.** Ideally, your CEO will be involved and invested in mentoring potential candidates. If so, leverage those opportunities to understand perceived gaps in your readiness. The CEO is in the best place to help you connect your behaviors, skills, and weaknesses to what will be an asset as a CEO—and what might cause trouble. As Marshall Goldsmith memorably put it, “What Got You Here, Won't Get You There.”

If your CEO is not currently in the business of mentoring a replacement, get the perspective of someone else who has held a CEO role. An outside mentor or an executive coach who specializes in working with C-suite leaders will help you gain clarity and map out opportunities for learning.

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### 3. The CEO has no shock absorber.

As a member of the senior team, outcomes of decisions made by an individual leader are not always visible to the Board or external bodies. Performance metrics from one unit are merged together with the results of other units in what amounts to an internal portfolio of revenue and expense management opportunities. When one unit or function runs off the rails, the rest of the organization covers up the problem. The senior team member can count on the CEO and others to absorb some of the shock of a poor strategic decision or operational issue.



As CEO, the shock absorber is gone. There is no one else to blame for the poor performance of the company. There are no other units to make up for poorly handled operational issues.

To simulate the pressure that he felt as CEO, J.P. had succession candidates take personal responsibility for winning Board support for key strategic initiatives—and then carrying the responsibility for their success. Whereas it had been easy for candidates to agree to the initiatives as members of the senior team, it was quite another thing to be held personally accountable for the success of the initiative in the eyes of the Board. Since each initiative required support from other members of the leadership team, this process also taught the candidates the value of collaboration, a skill they had not always cultivated.

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#### CANDIDATE CHALLENGE:

**Learn to take a direct hit.** Until you are CEO, you have someone else to absorb some of the shock of a poor strategic decision or an operational problem. For CEOs, the shock absorber is gone. No one else can share the blame for poor performance. To get a sense of this, make sure you are taking personal responsibility for key, high-profile initiatives. Can you own the work without micromanaging it? Can you take the hits rather than looking for cover?

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#### 4. It's not what you know, it's who you know.

Perhaps the single biggest shift one experiences when taking the big step to CEO is the shift from internal focus to external focus. To make this shift successfully, it helps to have the right connections.

J.P. knew this from his own experience, and started planning strategies to introduce his succession candidates to people they needed to know. This included dining with Wall Street financiers, introducing candidates to other CEOs at industry events, attending meetings with government officials, and ensuring that each candidate spent ample one-on-one time with Board members. In some cases, candidates were asked to accompany Board members on international trips to visit the company's operations overseas. Such extended opportunities for relationship building were critical to moving past the superficial interactions that had taken place in the past.

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**CANDIDATE CHALLENGE:**  
**Get introductions.** Your internal networks may be solid. You have good relationships with key customers and suppliers. But how plugged in are you beyond your immediate business? Do you have ties throughout your industry? With regulators? With experts in fields related to the business? If not, start building them.

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## 5. Board dynamics are a different kettle of fish.

CEOs of publicly held companies have a boss—the Board of Directors. Even if the CEO holds the title of Board Chairman, a practice that has become less widespread, the CEO still answers to the will of the Board. Due to the very public mismanagement by Boards of several prominent companies in recent years, legislation has been passed to strengthen the independent influence of Boards over CEOs. For the most part, the days of the hip-pocket Board are gone.

Managing the Board consumed a great deal of J.P.'s energy. He needed to shape the Board agenda and discussions and understand the subtle relationships and politics among its members. J.P. made it a priority to be sure members of the Board got to know each CEO candidate personally, and that they shared their perspectives and advice on how to work effectively with the Board.

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### CANDIDATE CHALLENGE:

**Learn the ways of the Board.** Few CEO candidates understand Board dynamics, so start learning now by taking leadership roles on Boards of local nonprofits. Ask your boss or mentor to help you gain a corporate Board post where you can use your expertise, but also gain new experience and perspectives. And if you are on the short list of potential CEOs for your company, find ways to get to know individual Board members: work with them on committee projects, play host when they visit your site, join them on trips to other company locations, ask for a walk-through of their own business. Understanding different Board members' experiences, perspectives, and personalities will give you insight into the demands facing the CEO.

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## 6. Performance counts, but development is essential.

Candidates are usually so busy demonstrating their success by performing at high levels that they don't take time to focus on their own development.

J.P. insisted that the candidates build time into their schedules for development. Each worked with an executive coach who wouldn't sugarcoat what the candidate needed to hear and who would keep that candidate on track with his/her learning agenda. J.P. also worked with each person to solidify that person's development plan and stayed involved to track performance against the plan. When the time came for the Board to choose a successor, he didn't want to feel that he hadn't given each candidate every chance to be ready for the role.

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### CANDIDATE CHALLENGE:

**Invest in your leadership readiness.** It's tempting to think your track record of success and high level of performance in your current job is the key to a CEO promotion. But the CEO job will require something more of you—no matter how experienced or skilled or savvy you are. If you want to be named CEO, and succeed in the role, invest in next-level development.

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# CEO Failure by the Numbers

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Kaplan and Minton (2011) show that turnover of CEOs has increased from

**15.8% to 16.8%** since 2000, with average tenure down from

**7 to 6 years**. The list of “celebrity” CEO failures is also getting longer, proving that no one is immune.

The latest research (Hogan, Hogan, & Kaiser, 2011) confirms earlier findings: the failure rate of all executives is nearly **50 percent**.

The reasons?

- 1. poor business performance**
- 2. leadership**
- 3. self-control**
- 4. relationship management**

These causes of failure are further exacerbated during periods of change or stress.

Many CEOs seem to have ignored the findings of Finkelstein (2003) in the now-classic book *Why Smart Executives Fail*. He cites these

## **7 deadly sins:**

- 1. overestimating their strength and underestimating the strength of competitors;**
- 2. putting personal interests ahead of organizational interests;**
- 3. being arrogant and making reckless decisions;**
- 4. eliminating anyone who might disagree with them;**
- 5. ignoring operations while trying to manage their company’s image;**
- 6. minimizing difficult obstacles and not planning accordingly; and**
- 7. relying on outdated strategies and tactics.**

### Sources

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Finkelstein, S. M. (2003). *Why smart executives fail: and what you can learn from their mistakes*. New York, NY: Portfolio.

# 4 Keys to CEO Readiness

The experience of J.P.—and the candidates for his job—paints the picture of what it takes to invest in CEO talent. But breaking the process down further helps companies and candidates more clearly understand what is needed to be a CEO and map out areas that can be developed and improved.

CCL has experience on various sides of the CEO equation—coaching C-suite and other top executives; participating in succession planning and candidate development; working with senior leadership teams on significant, strategic organizational issues; and as experienced senior leaders in our own careers. With this perspective, we’ve identified four keys to CEO readiness:

Readiness Dimension	Definition
<b>Experience</b>	Having the right qualifications for the job, including education and experience. Necessary but not sufficient for selection.
<b>Personal</b>	Who you are as a person; your fit with the culture; your ethics, values; the CEO/Board’s comfort with you running the show.
<b>Network</b>	Who you know, inside and outside the company. Can you pick up the phone when there’s a crisis and get the person you need to answer?
<b>Relationship</b>	How you get along with others; whether others will follow you as a leader; winning the respect and confidence of your peers.

## 1. Experience Readiness.

Experience is the most obvious of the four requirements. Without the right experience, it's difficult to get on the short list of CEO candidates. (There are exceptions: you're the child of the founder; the previous CEO left unexpectedly; the Board decides to take a gamble on an untested candidate who shows early promise.)

What's the right experience? Each CEO position is unique in terms of the experience required, but in general CEO candidates have had:

**P&L responsibility.** Having responsibility for the profit and loss of a major segment of the business is usually the single most important criteria.

**A global role.** Increasingly, some experience in a global role is becoming more common as a prerequisite to CEO succession—even in organizations that have operated primarily in their domestic markets historically.

**Functional flexibility.** Experience in different functions is a plus, particularly finance or sales. While candidates from human resources, R&D, and legal do get tapped, they are much less likely to do so.

Company and industry tenure also are factors in the “right experience” equation. Some firms have such a strong “promote from within” philosophy that outsiders run into formidable obstacles. In other cases, particularly where a change in direction is called for, Boards often overlook internal candidates in favor of a person who they believe will bring a fresh perspective. In some industries (health care, finance) a deep understanding of the business is seen to be essential. In others, Boards may feel confident that CEO skills are transferable from one industry to another. The military, too, is often a source of top talent.

To get a handle on the specific experience requirements for the post you are seeking, you'll want to gather information from a range of sources.

**Look to the background and career paths of previous CEOs.** What remains valued today and what has changed? Keep in mind, what was once considered the right experience may not be good enough now.

**Ask the current CEO and Board members.** Find out what qualifications are important from their point of view. Don't be surprised, however, if there isn't agreement. The process of selecting the next CEO forces conversa-

tions about criteria for selection, which may not have occurred prior. In the course of these conversations, views are influenced and qualifications rise or fall in their importance.

**Get outside input.** Learn about your competitors' CEOs. Look beyond the celebrity CEOs to learn from leaders who are succeeding under the radar. Understand your industry and future trends that will affect the direction of your company—and how you might be prepared to lead it.

If you have time for additional job rotations, work them into your resume. If the timeframe is tight, take on targeted, meaningful projects that would demonstrate untested skills. For example, ask to be put in charge of a situation that no one else wants to touch. You'll gain visibility for leadership qualities that may have been unnoticed.

Once a candidate pool has been narrowed down, specific experience becomes less important. Candidates who have dutifully checked all the boxes may be stunned when comparatively less qualified individuals are given the nod over them. CEOs and Boards look for well-rounded individuals, not just well-qualified ones. This is where the next three areas of CEO readiness come into play.

## 2. Personal Readiness.

Once the threshold of experience has been met, the focus shifts to how well a candidate will do the job. Is the candidate the right person for the role? Personal readiness—who you are, your values, what you stand for—is essential for the right “fit.”

The fit between the person and the role is something that CEOs and Boards give far more weight to than most candidates realize. Candidates believe that delivering good results consistently trumps all other considerations but this isn't the case. Often, top candidates have similar track records and it comes down to who the CEO or Board feels most comfortable with given the company's current situation.

**How should a candidate prepare himself or herself to win the personal readiness contest?**

First, think about all the factors that go into who you are. Most of us have developed deeply held beliefs and values that influence what we think it means to be a good leader. We've been shaped by experience, and may have modeled ourselves after someone we felt was extremely effective.

Other qualities come into play with personal readiness as well, such as native intelligence, comfort in the spotlight and public speaking skills, integrity, the ability to think strategically, openness to new ideas, judgment, and self regulation.

As with experience, personal readiness is determined largely by the perceptions of others, and what's “right” depends on the situation.

To find out what others think of you, you need to collect data. You can ask directly for feedback on your strengths and weaknesses from trusted sources around you. Engage an executive coach.

Use a 360-degree assessment geared specifically for top executives.

If you haven't gotten honest feedback in some time, it will be an interesting mix of affirmation and unpleasantness. People don't see you as you see yourself; they look through their own eyes. They take into account all kinds of data: whether you like them or not, whether you have supported them or competed with them, what seems to be important to you. A single memory of you—a stand-out business trip, a kind word, the time you got a little carried away at the company party—will shape their view of you. Each person's reality is warped; it's not until you gather a comprehensive view from multiple individuals that you begin to understand the whole. Don't forget that one of the individuals with a “warped view” is the current CEO. Don't be shocked when you learn what his or her developmental advice is for you.

**As far as what is the right personal fit for the situation, remember that business challenges come in all shapes and sizes. Turnarounds call for a CEO with a tougher skin than a situation where the firm is growing. The leadership style that will effectively drive change in a command-and-control culture may not work as well in an interdependent, collaborative culture.**

Further, what worked for the current CEO may not be what is needed next. If you grew up in the shadow of a powerful, successful CEO and have emulated her style, you may believe you have the inside track as her successor. The current CEO may have launched operations in China, but what if she didn't have what it takes to lead a global company with more than half of its revenue coming from outside of the headquarters region? Or, she may have jump-started a

major acquisition without knowing how to handle the cultural integration required for it to work over time. The next CEO may need interpersonal skills, cultural sensitivity, or a personality style that is quite different. The CEO or Board could look at you as “more of the same” when they are looking for someone entirely different.

### **What can you do if you discover that you are not the person the job calls for?**

The good news is that if you do have specific shortcomings, increasing evidence points to the ability of leaders to overcome their deficits or enhance their image with the proper training and support. You can boost your public-speaking skills or hone your strategic thinking or practice being more decisive in your decision making.

### **But what about your basic beliefs? How easy is it to change “core” behaviors?**

People vary in this regard. Some leaders are comfortable displaying a wide range of behaviors, knowing when and how to dial up and dial back on their views. These executives are better at reading situations and adapting to them. Other leaders over-rely on one way of doing things, whether it works consistently or not. These leaders are clear about what they stand for but less open to feedback on their style, less likely to change their beliefs to adapt to different situations, and need to accept that they may not be the right person for the job if the Board is looking for someone with a different orientation.

**It’s unlikely that you can change your spots entirely—or frankly, would want to—but with good feedback, observation, and coaching, you can do quite a lot to change the way you come across to others. For example, if you aren’t perceived as being bold enough, you’ll need to put an action plan in place that demonstrates just how bold you can be. If you are seen as not considerate enough of others, there are things you can do to shift.**

What won’t work is to ignore the views and expectations of the world around you. Crashing ahead as if your strengths alone will make you a success will add you to the long list of very bright, talented superstars who failed as CEOs.

The best recommendation is to become more versatile. Work on your flexibility, learn to adapt to the various situations rather than continuing to play every hand the same way. This allows you greater range—and boosting the likelihood of the right fit in the CEO role.

### 3. Network Readiness.

The strength and breadth of your network also comes into play in the CEO selection process. If you are lacking critical internal or external connections, your access and influence is limited—a definite liability for a CEO.

Your immediate network includes your boss, peers, and direct reports. It also includes ties with key players throughout the system—including suppliers and customers. The caliber of this network indicates your knowledge of the business and your ability to pull together the right people as needed. The opinions of this network also carry a lot of weight. If they are behind you for the CEO job—or if they are against you—it will become apparent as the succession process unfolds. The time to develop the ties and relationships with those around you is long before your name comes up for consideration in succession talks.


Your Board member network is also of critical importance. Some CEOs want to own the relationship with the Board. They try to limit the access and networking among Board members and the executive team. Even if this is the case, it is valuable to connect with members whenever possible—and in a variety of ways.

A carefully prepared presentation doesn't give much insight to the quality of your thinking or your capabilities. Each Board member, if asked, will have his or her own opinion about how good or bad the presentation was. What one person likes (lots of detail, plenty of slides) another hates. Playing to the middle may get you nowhere. Trying to figure out which Board member carries the most influence and appealing to them is a better strategy—but still not one that is guaranteed.

The solution is to go beyond the formal presentations, if possible, so Board members have a multidimensional view of you as a person. Spending time with them one-on-one, over lunch or dinner, and discussing both business and other topics is the best hope you have of winning people over. Just like your peers and subordinates, the Board imagines what it would be like to work with you as CEO. They want someone who is capable, but they also are interested in a person who will listen to their concerns, make them feel that their contributions are valued, and be interesting to spend time with on an airplane.

Your resource network—who you know and can call upon in times of need—is something that can tip the balance in your favor as a candidate. A large part of the CEO's job is interfacing with the outside world. Knowing the right people “out there” can make winning a lot easier. If the press starts to turn against the company, it's good to have a few powerful players from the media you can call. If the government starts asking too many questions about an acquisition you are planning, it helps to have a politician interested in bringing jobs to his region point out the virtues of the deal. Learning how to build, maintain, and work influence networks is part of how the game is played and is one of the areas that sitting CEOs often point to as missing in their own preparation for the job.





If you have spent all your time focused on internal matters, go after the opportunity to make strong connections on Wall Street or in Washington or in financial and government centers where you do business. Your current CEO and Board members are usually the best brokers into these relationships—which underscores the importance of having good working relationships with them. Arranging trips together to meet key people, or joining your CEO at meetings or conferences, will bolster your own network. If your CEO isn't forthcoming, it may take more time and effort. Working through the connections you already have will make the task easier.

If you are from McKinsey, GE, Procter & Gamble, or another company that tends to “export” CEO talent, you may already have a network of fellow CEOs you can call upon for advice. Usually, a few well-placed calls can put you in touch with the person you need to know. If you don't have the luxury of this “built-in” network, you'll need to create your own. Attending a cohort executive education program is one way to meet people. Attending industry conferences or the World Economic Forum is another. But don't simply increase the size of your network; instead, identify a few individuals you wish to know and “go deep” in spending time getting to know them.

Network experts also remind us that the best way to interest people in helping us is to help them. The best networkers offer assistance before the other person knows they need it.

While your network readiness can be a huge asset, the Board won't ask for a breakdown of everyone you know as they make their succession decision. It's up to you to “name-drop” at appropriate times to indicate your network. For example, if a Board member asks, “Do you think we'll ever make money in China?” you can offer an opinion. But it's more powerful if you can say, “Well, I just spoke with (so and so) who is an expert on the subject and he said something I found very interesting . . . ,” and then connect the dots.

In areas that you know are of concern to the Board, do your homework. Build your networks of experts and demonstrate your willingness to learn about the topic.



## 4. Relationship Readiness.

Relationship readiness has to do with how you interact with others. The CEO's job involves making business decisions, to be certain. But Boards look for someone who can make good decisions and maintain effective relationships. They would prefer not to have a CEO who will drive other talented executives out of the organization.

Relationship readiness is tied to emotional intelligence, not about being a “nice guy” or creating deep personal friendships. It's rooted in respect—CEOs who show respect for others typically find themselves much better supported by their teams than those with outsized egos and poor people skills.

Of course, times may call for a CEO who is tough, single-minded, and commanding. Cleaning house after a period of decline and neglect may not be seen as showing respect or building relationships. But eventually, things will stabilize. When that happens, the Board will want a consensus builder and confidence-inspirer. If you don't have the range, be careful about the position for which you apply.

To gauge relationship readiness, CEO candidates need to ask themselves—and get honest assessments from others—questions like:

- Do I follow through on my commitments?
- Do I listen to what others have to say?
- Do I mentor others?
- Do I give tough feedback in a straightforward manner?
- Am I able to work my way through conflicts productively?
- Do I leave room for other people in my conversations?
- Am I open to people telling me I'm wrong?
- Am I sensitive to dynamics around diversity?
- How hard is it for me to recognize the contributions of others and allow them to take center stage?
- Am I able to see that others are capable of making better decisions than me in their areas of expertise?



Your relationship readiness is also connected to your private life. How you relate to people and manage your life outside of work can have an impact on your effectiveness as CEO.

Have you been able to maintain some balance in your life as you have ascended to your current position? Can you—are you willing to—manage the even greater level of stress that accompanies the role of CEO? Have you come to a reasonable resolution of the work/life tug-of-war that comes with the territory for many families? Is your personal life a trail of shattered relationships or one that reflects emotional maturity?

Ultimately, relationship readiness is about being human, keeping it together, and making the world a better place.

It's about admitting limitations and learning from mistakes, in public.

It's about taking on pressure but not pushing on others unnecessarily.

It's about people knowing they can count on you, wanting to follow you, and feeling appreciated for what they bring to the table.

**It's about people really missing you—not celebrating—when you're gone.**

# The Path to CEO Success Starts Here

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At the beginning of this paper, I noted that CCL recommends that each CEO candidate be given a tailored opportunity to bridge his or her readiness gaps before a selection is made. Here are steps you can take to make that happen:

## **STEP 1: ASSEMBLE YOUR DEVELOPMENT TEAM.**

You can't do the work to prepare to become the next CEO on your own. It takes a small village of people who are willing to help. Ideally, you have a supportive CEO, understanding co-workers, and a devoted family who are willing to be brutally honest with you for your own good. Even with these, you may find that you need the additional assistance of an executive coach, a retired CEO mentor, or participation in a structured development program to address your development needs.

## **STEP 2: COLLECT DATA. RATE YOUR OWN READINESS.**

If you know you have major career deficiencies, behavioral derailers, or misgivings, address them first. If you haven't done a multi-rater (360) assessment in the past three years, you're overdue. You need to know your strengths as well as your development needs. You might also find it helpful to work with an expert who can take you through a thorough personality assessment. Once you've done the initial assessments, seek additional feedback from the CEO or Board. Once you do, you will have plenty more to think about and work on.

## **STEP 3: CREATE A DEVELOPMENT PLAN AND TIMETABLE.**

Ask your coach, peers, and others about the best and fastest ways to close the gaps. Look at the table below for ideas, too. Be realistic in how quickly you can achieve your goals. Once you have the plan, pause to reflect on whether you are willing to do the hard work required before proceeding. Be sure you want the CEO post enough to do the development work it will take to get there.

## **STEP 4: IMPLEMENT YOUR DEVELOPMENT PLAN.**

Do the work. Attend the program you have selected, pursue the network connections, tackle the projects that will show you're capable, stretch your comfort zone. Listen to feedback along the way; there's no sense in undertaking the work if you're going to blow through it without taking it seriously.

## **STEP 5: REASSESS.**

Check with key sources to see how your candidacy is viewed. Address any remaining doubts.

Readiness Requirement	Issues to Be Addressed	Potential Solutions
<b>Experience</b>	<p>Lacking P&amp;L experience</p> <p>Ready for the world that was, not the world that will be</p> <p>Narrow expertise</p> <p>No time abroad</p>	<p>Accelerated job rotation</p> <p>Gather information on current requirements from multiple parties</p> <p>Targeted projects that address gaps</p>
<b>Personal</b>	<p>Not a good fit for the job</p> <p>Lacking some important skills/competencies</p> <p>Self-perception doesn't match reality</p> <p>Poor judgment</p> <p>Lack of self-control</p>	<p>Understand the real criteria being used to make succession decisions</p> <p>Gather feedback data using objective methods (third party)</p> <p>Undertake intensive development, assisted by executive coach if necessary</p> <p>Get more input into decisions</p>
<b>Network</b>	<p>Lacking critical internal or external connections</p>	<p>Examine why you are out of control and address underlying issues</p> <p>Accompany CEO to key meetings</p> <p>Build relationships with Board members</p> <p>Tap existing network to leverage their connections to others</p> <p>Target desired connections and pursue them</p> <p>Find a retired CEO mentor</p> <p>Take a cohort program for development</p>
<b>Relationship</b>	<p>Lacking emotional intelligence</p> <p>Inability to establish and maintain effective relationships with reports and others</p> <p>Issues in personal life carry over into work</p>	<p>Work on transparency, humility</p> <p>Resolve outstanding work/life issues</p> <p>Listen to and appreciate others' input</p>



## Conclusion

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Getting tapped to be CEO is the result of much work, over many years. It's a competitive process for a reason. By investing in your experience, as well as building your personal, network, and relationship readiness, you will have earned a chance at the top job.

More important, the four readiness factors prepare you to do the job. The goal is not merely to win the succession game—it is to lead a successful, healthy company into an uncertain future.

**Are you ready?**

## About the Author

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**William Pasmore, PhD**, joined the Center for Creative Leadership in January 2008 as Senior Vice President and Organizational Practice Leader. An international authority in organizational leadership, he leads CCL's efforts to help clients develop the larger organizational leadership systems that increase their overall performance and enable their individual leaders to thrive. Pasmore previously served as partner in the Corporate Learning & Organizational

Development Practice of consulting firm Oliver Wyman Delta, where he headed the global research practice and worked personally with top executives of Fortune 500 companies on organizational architecture, succession planning, talent management, and strategic planning. He holds a B.S. in Aeronautical Engineering/Industrial Management and a PhD in Administrative Sciences, both from Purdue University. E-mail: [pasmoreb@ccl.org](mailto:pasmoreb@ccl.org)





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#### CCL - Americas

[www.ccl.org](http://www.ccl.org)

+1 800 780 1031 (U.S. or Canada)

+1 336 545 2810 (Worldwide)

[info@ccl.org](mailto:info@ccl.org)

#### Greensboro, North Carolina

+1 336 545 2810

#### Colorado Springs, Colorado

+1 719 633 3891

#### San Diego, California

+1 858 638 8000

#### CCL - Europe, Middle East, Africa

[www.ccl.org/emea](http://www.ccl.org/emea)

#### Brussels, Belgium

+32 (0) 2 679 09 10

[ccl.emea@ccl.org](mailto:ccl.emea@ccl.org)

#### Addis Ababa, Ethiopia

+251 118 957086

[LBB.Africa@ccl.org](mailto:LBB.Africa@ccl.org)

#### Johannesburg, South Africa

+27 (11) 783 4963

[southafrica.office@ccl.org](mailto:southafrica.office@ccl.org)

#### Moscow, Russia

+7 495 662 31 39

[ccl.cis@ccl.org](mailto:ccl.cis@ccl.org)

#### CCL - Asia Pacific

[www.ccl.org/apac](http://www.ccl.org/apac)

#### Singapore

+65 6854 6000

[ccl.apac@ccl.org](mailto:ccl.apac@ccl.org)

#### Gurgaon, India

+91 124 676 9200

[cclindia@ccl.org](mailto:cclindia@ccl.org)

#### Shanghai, China

+86 182 0199 8600

[ccl.china@ccl.org](mailto:ccl.china@ccl.org)

**Affiliate Locations:** Seattle, Washington • Seoul, Korea • College Park, Maryland • Ottawa, Ontario, Canada  
Ft. Belvoir, Virginia • Kettering, Ohio • Huntsville, Alabama • San Diego, California • St. Petersburg, Florida  
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