Making a
Leadership Change

How Organizations and Leaders Can Handle
Leadership Transitions Successfully

Thomas North Gilmore

Making a Leadership Change
How Organizations and Leaders Can Handle Leadership
Transitions Sucessfully

ᗡ Chapter 2

Initiating or Responding to Leadership Transitions

Given the rising rate of turnover of leaders, the role of appointing authorities has become increasingly crucial. Yet paradoxically, many boards and individual appointing authorities are ill prepared to manage a leadership transition. For many board members or for an individual leader (such as a governor) who assembles a staff and cabinet, it is a one-time experience, a task that must be learned on the job. Ironically, the board members of an organization with a long-tenured executive are the least likely to have experience with leadership succession, yet face one of the most difficult transitions. In government, the problem may be the reverse; politically appointed executives serve for such short tenures that there is little institutional memory of the processes of effective recruiting.

Key Stages in a Leadership Transition

The leadership transition consists of eight distinct but often overlapping stages.

1. *A decision to seek a change in leadership.* The present leader is resigning—either voluntarily or involuntarily. Because being without a leader provokes anxiety, too many boards are reluctant to face up to the prospect of asking for the leader's resignation. So they ignore early warning signs of performance problems. They also ignore signs of the leader's discontent, and may be caught by surprise, with no plan for an orderly succession, when the executive leaves. An effective board should be aware of the wider

opportunities that might lure its leader away as well as the personal life-cycle issues that can shape a decision to leave.

2. *The design of a search and selection process.* This is usually done when a leadership-change decision is made. The major risk in this area is that the machinery to support the succession process is not available on a standby basis. Too frequently the appointing authority rushes into the search for a replacement without adequately assessing the strategic considerations (see steps 3 and 4 below). When decisions are made hastily, the process may be either too participative or not participative enough, the deadlines may be unworkable, and the expectations of committee members or current staff may be unrealistic.

3. *An analysis of the strategic challenges facing the organization.* This requires a careful consideration of the organization's past and future, including the ways in which the wider environment is posing new problems or opportunities. The two greatest risks are carrying on business as usual when the organization needs to consider a dramatic shift and, conversely, overreacting to the current leadership by moving to an opposite type without a careful appraisal of the true strategic context.

4. *The translation of the strategic assessment into specific leadership needs and job qualifications.* The specifications should take into account the inevitable tradeoffs. A description of the desired executive may call for such an unlikely combination of skills and traits that it is of no help to those charged with looking for flesh-and-blood candidates. If the challenges have not been carefully considered, the search may focus on the wrong areas. For example, no amount of searching the universe of high-tech firms would have turned up an executive like Sculley from Pepsi-Cola for Apple Computer. Because the new challenges were identified in the marketing area, the right territories were searched.

5. *A search for prospective candidates.* The search may be extensive or limited depending upon whether a suitable internal candidate or a clear external choice is available. Too often the net is cast too narrowly, drawing in only candidates already known to the organization. Conversely, an organization can be overwhelmed with too many inappropriate resumes and be unable to discriminate thoughtfully among them.

6. *The screening and initial selection of finalists.* The first cut is based on an analysis of applicants' qualifications in relation to the needs of the organization. Aggressive selling of the challenges of the job is necessary to screen in enough genuine alternatives for the appointing authority to consider.

7. *The interviewing and final selection of candidates.* This action is based on a more thorough review of qualifications, intensive reference checks with previous employers and others, and a comparative analysis of each finalist's strengths and weaknesses. Too many search processes rely too heavily on the interview— which really tests only a candidate's skills in the interview situation—and too little on investigating prior performance in similar situations.

8. *A transition process.* Here the new leader, the current staff, and the board develop an understanding of one another's expectations and evolve working relationships. The orientation period may also be a time of working through the loss of the prior leader. The appointing authority often disengages too quickly once a search has landed a candidate, rather than making the additional investment necessaiy to ensure that the new leader builds effective working relationships upward, downward, and sideways.

This eight-part conceptual framework can capture only partially the variety and unpredictability inherent in a leadership transition. The process will vary depending on the circumstances surrounding the departure of the leader, the amount of advance notice, the strategic challenges facing the organization, the health of the enterprise, and the availability of qualified successors internally or externally. We can say the process is complete when no one, including the new leader, can use the transition as an explanation or excuse for why things are the way they are.

How the Process Begins

The stimulus for a change in leadership can take many forms: an anticipated retirement, a sudden death or serious health problem, the leader's unexpected move to another job, a merger or acquisition, interpersonal politics among the top management, or dissatisfaction with the leader's performance. Some of these are