

Managing Succession under COVID-19

Strategic Communications

Everyone, whether a corporate conglomerate, an international company, a national supermarket chain, or even the corner coffee shop, recognises a new world order has been ushered in by the COVID-19 pandemic.



The CEO succession process is broken in North America and is no better in many other parts of the world. Poor succession planning often produces results of poor performance, which translates into higher turnover and corporate instability.

We don't know how this new world order will affect businesses just yet, despite the many critiques and research papers, nor we do we know what changes we will have to make.

We do know how we work, will be changed.

The immediate question must be asked, especially in the corporate and company structures - and it's the hardest one - is to review one's current leadership style to sustain the post-Coronavirus age.

Even before the COVID-19 crisis, the human resource departments were facing an existential crisis, often failing to recognise the need to approach talent acquisition through innovative and creative procedures and relying too much on old tried and tested (and failed) profiling tools.

Forbes magazine cites the book, Talent Wins, which claims two-thirds of companies don't have succession plans in place. However, it also quotes research among companies ranked as the "top employers" globally, which indicated "99% of senior leaders [in these companies] participated in succession planning meetings and 95% take part in regular reviews". There is a reason they're at the top.

"Is your current leadership the one to take you into the post-Coronavirus age?"

If you are part of the one third (or the 99%) that has a succession plan, your best scenarios are to revisit it, and the worst is to abandon it. Maybe you do need a different kind of CEO. Companies should include the entire C-suite in an effective succession plan - emergency or otherwise. And always keep in mind any succession plan, even in a time of crisis, requires collaboration with investors and board members.

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We know the economic impact will be harsh. There will be workforce layoffs, including from the C-suite. It is accepted that an equipped skill-sets (which can be learned) is no longer as important and that what companies are seeking are people who not only understand the company culture but bring more diversity to the cultural milieu. Succession plans must include the search for talent both linear (within the company) and lateral (outside). This applies from the top down.

If the crisis, for example, has pushed your company into speeding up digital transformation, you are going to have to look laterally for new people to replace the old. You will also have to ensure that succession plans take into account diversity and become more inclusive across gender, ethnicity, age, and sexuality.

There are numerous scenarios and short-term solutions to some of the problems of succession. For example, if the incumbent CEO (or senior manager) was recently appointed, the thought of stepping down would be anathema. The obvious solution, in any other crisis, would be to bring back (if possible) the former CEO to provide support and direction.

This pandemic, however, is not like any other crisis. The conflicting factors of a *de facto* co-CEO leadership will be exacerbated - inefficiencies, confused corporate communications, and duplicate reporting structures. And it won't necessarily answer the hard question above. The ex-CEO is maybe no better than the incumbent in the coming new world.

Embarking on a succession plan during the pandemic and especially in those countries with strict lockdown regulations - will require convening the Board virtually. This raises legal, compliance, and privacy issues concerning the statutes that relate to the use of electronic platforms. These differ from country-to-country, and in the USA, from state-to-state.

In times of crisis, it is not uncommon to appoint an interim committee to replace the Executive Board Committee and with the powers to act on its behalf. This committee could then manage the succession plan. Again, it will face legal and governance issues. For example, will it disenfranchise directors, not on the ExCo, or dodge the board's constitutional requirements?

Corporations with succession plans may opt to fast-track the process. This will be based on two key assumptions: first, it would acknowledge the current CEO cannot successfully take the company forward after COVID-19. Second, that the heir apparent can.

Well and good, if that is the case. If not, there is a lot of important work ahead of you.

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