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Navigating the Succession Minefield

by Dan Ciampa and Michael Watkins



ONE MINUTE he's the highly regarded #2 executive, ready to lead the company when the CEO steps down. The next minute he's been fired, or has left "to pursue other opportunities."

What went wrong? Recent high-profile examples of the premature departure of a second-in-command underscore what the research shows: of the executives promoted from within to the #2 spot and expecting to succeed the CEO, half never make it to the top, leaving their companies within five years. Even more startling is the success rate for people coming into #2 positions from the outside: after five years, only 24% have become CEO.

Most of the time these seconds-in-command are talented, energetic, and assertive—they've earned their chance to run the show. So why is it that so many fail? The primary reason is the #2's inability to navigate the political currents that buffet every heir apparent. Two cases exemplify the problems.

A NEW SENIOR VICE PRESIDENT takes a job at an electronics company with the understanding that he will succeed the CEO. He and the CEO meet at least weekly for the first 12 months, discussing virtually every decision. The CEO agrees with all the moves and even compliments the SVP for making some tough calls. Fourteen months later the SVP is shocked to learn that he has been fired. He discovers that two other SVPs, with whom the CEO had long-standing relationships, had undermined him. Their complaint: he was moving too fast in areas that threatened their power bases.

THE FINANCIAL SERVICES DIVISION of a Fortune 500 company posts impressive results—in fact, it's the only part of the corporation that is growing. The division's president, who is in line to succeed the CEO of the parent company, decides that her division needs broader distribution channels. Exploring potential strategic alliances, she concludes that her division could achieve even more impressive growth by bringing in another company as a minority owner. But one month after presenting her analysis to the CEO, the division president is fired—labeled disloyal for suggesting that the parent company reduce its ownership stake.

It's not enough to have strong managerial skills and the ability to create a compelling vision for the organization. To navigate the political minefield of leadership transitions, an aspiring

CEO must *build coalitions*. Once in the #2 spot and poised to move to the top, they must accurately diagnose the political landscape. Then they need to create a critical mass of support among company leaders for your vision of where the organization needs to go. Typically, successful seconds-in-command demonstrate the following political skills:

THEY BUILD a good working relationship with the CEO, recognizing that he holds the keys to the top job.

THEY HELP their peers succeed, even if some of these colleagues are also competing for the CEO's job. This shows the CEO and the board of directors that the #2 possesses the maturity and self-confidence necessary for the top position. It also builds "relationship capital" among the peer group.

THEY REACH out to influential middle managers across the company and make decisions with their needs in mind. By cultivating support among the ranks of middle management, successful seconds-in-command can avoid having their initiatives undercut.

THEY BUILD credibility by attacking problems that are important to the business and by addressing issues that employees care about. They make the tough, sometimes unpopular calls that employees realize are necessary for success. But they also know which changes not to push for before they get to the top—those that threaten the legacy of the CEO or the future of her loyal supporters.

THEY DON'T DISPARAGE the current culture or those who created it, even if their mandate is to change the organization in fundamental ways.

A company's human-resources executives, its board of directors, even its CEO are rarely in a position to make the succession work. In the end, the aspiring CEO must take responsibility for making the transfer of power work. No one pays the price of a failed succession like the successor himself. He must own the problem—as well as its solution.

Dan Ciampa, an advisor to business leaders, and Michael Watkins, an associate professor at Harvard Business School, are the coauthors of Right from the Start: Taking Charge in a New Leadership Role (Harvard Business School Press, 1999).
