

START WITH A LEG UP: IMPROVING THE TRANSITION AND INDUCTION OF NEW CHIEF EXECUTIVE OFFICERS

Author:
Geoff Schoenberg

email:
geoff.schoenberg@deakin.edu.au

Co-authors:
Shilbury, David

University:
Deakin University

Faculty:
School of Management and Marketing

Abstract

Background

Research focused on changes in the Chief Executive Officer (CEO) position, referred to as CEO succession, have typically followed a quantitative approach using publicly available historical data and been focused on corporate entities (Giambatista, Rowe, & Riaz, 2005; Kesner & Sebor, 1994). While there are a significant amount of prescriptive guides offering non-profit organizations advice on selecting a new CEO, these are often based on the experience of the writer rather than any empirical study. A CEO succession takes place in three phases, getting ready, recruitment and selection, and post-hire (Adams, 1998) and is a critical event for an organization and is possibly the most important decision a board will make (Allison, 2002). An effective succession will often see the organization grow and prosper whereas a poorly managed succession will often result in significant turnover in staff, a decline in organizational effectiveness and a repeating of the succession process. These failures often result from over focusing on the middle phase of succession, recruitment and selection, at the expense of the pre-search phase and the post-hire phase. These oft-neglected phases are designed to ensure an organization is searching for the right candidate and effectively integrates the new hire to the organization.

The aim of this research was to examine how Victorian (Australia) state sporting organizations (SSOs) experience the succession process, and in particular, how boards are preparing and guiding the organization through this inevitable event.

Method

A lack of attention in the sport literature dictated that this research should follow a qualitative approach based primarily on nonprofit CEO succession literature. Case studies were conducted with three similarly sized Victorian

SSOs with the aim of examining the processes used and, particularly, the use of strategy and recommended board practices in the selection of a new CEO. SSOs were chosen due to their primary role of providing sport participation opportunities in Victoria. To ensure a homogenous environment for study, research was conducted to identify cases that were similarly sized, had recently undergone a competitive process to select a new CEO and had strategic rather than operationally focused boards. Each organization matching these criteria was contacted and three out of four organizations agreed to participate.

Interviews were conducted with the President, the CEO and one other board member from each organization for a total of nine in-depth interviews. These interviews were the primary source of data and were supplemented by documents such as the organization's strategic plan, annual reports and interview guides. Using already developed themes as the basis for data reduction, the coding process focused on the axial and selective coding stages utilizing the NVivo software resulting in the identification of key issues across all cases.

Results

The interviewing of multiple people involved in the same event often highlighted differing perspectives. With regards to the new CEO's induction, board members typically recalled a variety of brief inductions and discussions with the previous CEO and this was deemed sufficient whereas the CEOs seemed to recall a minimal or non-existent induction and transition program. In one case, the recently hired CEO of one organization stated "I turned up and the staff said g'day, how you going, nice to meet you, your office is in there... here's your computer, here's your seat and good luck." Additionally, boards rarely took an active role in introducing their new CEO to external stakeholders, meaning the CEO was initiating these relationships without a formal introduction.

Conclusion

The lack of board involvement in the transition or induction represents a significant departure from accepted and prescribed best practices (Houle, 1997). Part of the issue relates to the lack of operational awareness within a part-time, volunteer, strategically focused board. The board members, therefore, are not in the position to offer much more than a cursory induction to the new CEO. While some successions may build in overlap time for the outgoing and incoming CEO to work together to induct the new CEO, many organizations will not have this luxury as a current CEO may be forced to depart quickly due to illness, scandal or other circumstances. Recognizing this deficiency, this study recommends that boards require current CEOs to develop and consistently update a transition document that includes information regarding key projects, staff responsibilities and stakeholder contacts amongst other information.

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