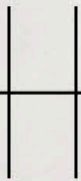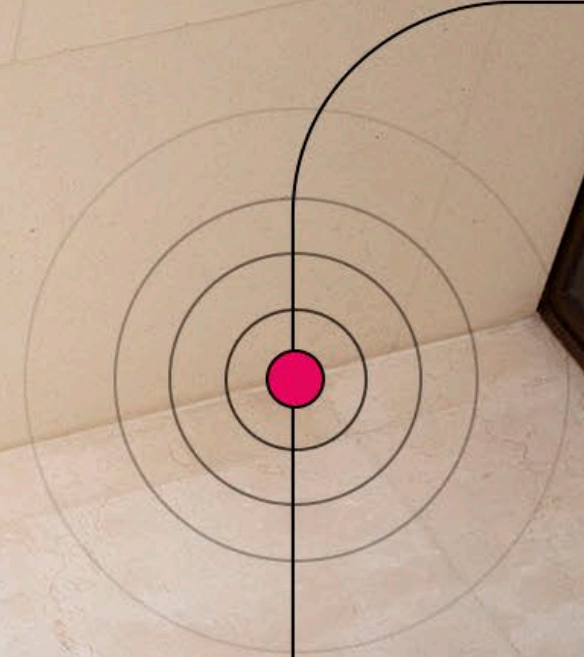# Russell Reynolds
ASSOCIATES

A CEO's story of securing a pipeline of **digitally-smart** leaders

This is a story of how a company is finding the leaders it needs to gain an advantage from technology, from the point of view of its CEO.
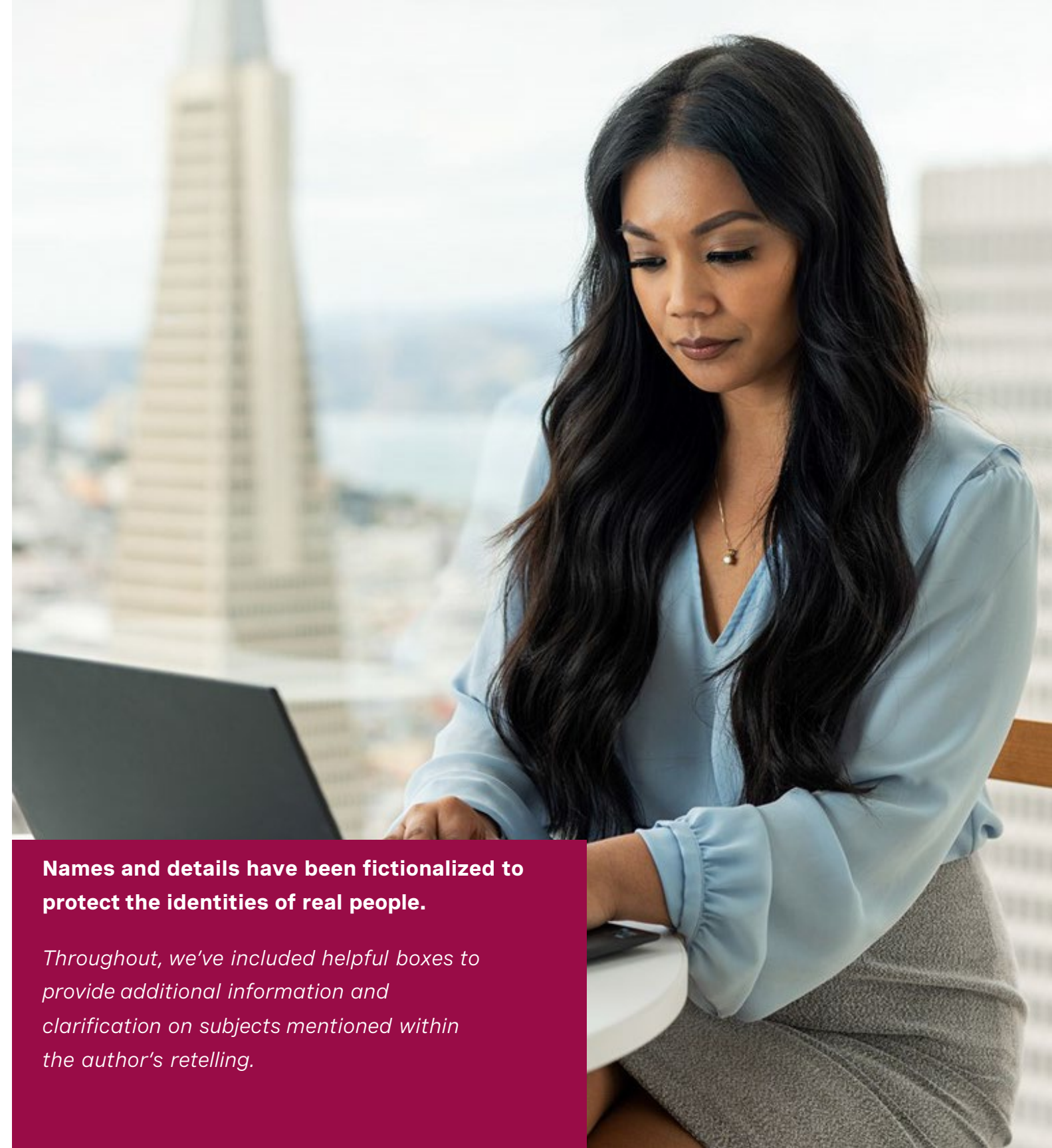
Names and details have been fictionalized to protect the identities of real people.

Throughout, we've included helpful boxes to provide additional information and clarification on subjects mentioned within the author's retelling.

How it all *began*

I'd only been in the CEO role a few months, but I knew that if I was going to live up to the board's expectations I needed to start taking definitive, visible steps to help my company become more tech-centric. It was, after all, the reason I'd been brought on.

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The board was looking to me for answers. I'd helped my previous company take big strides toward realizing the potential of technology, and I was now under pressure to help my new company do the same.

There was no doubt in the board's mind that we needed to adapt. Our industry is going through a complete metamorphosis, as issues like rising costs, operational efficiency, and changing consumer demands all come to a head. Business as usual just isn't going to cut it anymore.

If we were to remain competitive, we would need to build a more agile, digitally orientated business and keep a laser focus on the customer experience. But while we knew where we needed to go,

it wasn't 100% guaranteed that we would get there. Yes, we had the strategy and the investment plan. But this transformation was going to take much more than words on a page.

Moving any legacy company towards a more tech-centric future is a bit like turning a giant supertanker. It was going to take years to make the transition. The board knew it was going to be a long, arduous journey that involved strong leadership, complex decisions, and difficult trade-offs. One of the biggest question marks they had was whether we had the right people to drive change for the long haul.

At that point in time, we had a Chief Technology Officer and we had recently brought on several next-generation disruptive tech hires. But the board was clear that was not enough.

Tech acumen needed to be sewn into the very fabric of our business and culture—an agenda that every person on our executive team could own and drive forward. That would mean

every CxO knew how to transform their own divisions, as well as work across siloes to pivot the entire organization towards its new digital vision.

But the hard truth was that we didn't have succession strategies for any of our ExCo positions that would give us a pipeline of tech-savvy leaders. And that was what was making the nominating committee and CHRO nervous.

They were clear that without the right leaders coming through our ranks, we ran the very real risk of undoing any progress we were making toward our goal of becoming a best-in-class platform operator. And it was up to me to solve this.

Getting the *team* together

It was the NomCo who wanted to use an outside partner to advise us on the scale of the challenge—and how to solve it. One thing was clear from the start: We needed to avoid the trap of spending months and months developing a strategy and never getting around to acting. We wanted to move fast.

The goal was for an outside partner to run a project that would get the executive committee aligned around a clear succession management process that:

- Defined the kind of people we would need in its future top team to take our transformation strategy forward for years to come.

- Identified who those potential people might be.

- Defined what each CxO would need to do to make sure these people would be ready to step up to the C-suite when the time came.

I had never worked with RRA before, but my colleagues had—both for executive searches and leadership assessments. So, when the topic of getting an outside perspective came up, RRA was top-of-mind.

Crucially, we knew that RRA could move at pace as they already knew many of the key players on our board and executive committee. They could navigate this situation must faster (and much more diplomatically) than we could ever do on our own.

At the same time, my colleagues had been impressed with RRA's ability to not only benchmark executives against their industry peers, but also their counterparts at other major domestic companies. It had given them confidence at the time that we were investing in the very best people. And that was exactly what we needed now, as we began thinking about the leaders we would need to drive our digital transformation journey forward.

The *scope* of the work

The objective of our work with RRA was to create a consistent approach to CxO succession across all divisions. It consisted of four main workstreams.

Identify leadership blueprints that set out future-facing skills the next generation of CxOs would need to accelerate the company's transformation.

Provide a definitive view on successor pools for the near-term and medium-term

Assess successors against the leadership blueprints to identify each candidate's strengths and knowledge gaps.

Kick off a robust development program to ensure successors would be ready to step into the C-suite and fast-track transformation when the time came.
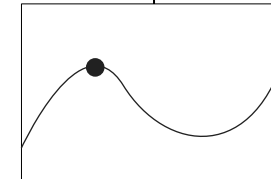
Identify *leadership* blueprints

RRA started by interviewing each ExCo member to understand how their role would change over the next three to five years. The result was a leadership blueprint that set out the specific functional skills and leadership competencies that future executives would need if they were to drive the necessary pace of transformation over the long term.

At the heart of the blueprint was an expectation that all future executives would need to demonstrate a digital mindset and customer-centric outlook. It meant that anyone who was in the running to one day become a CxO—whether that was a future divisional CEO, CFO, CHRO, or GC—would need to relentlessly champion the need for digital disruption as well as galvanize the business around the power of customer data.

These future leaders would also need to unlock a growth mindset across the organization, helping everyone to think beyond the limits of what's possible and always seeking opportunities to upgrade the way we work. Perhaps even more importantly, they would need to possess the humility and agility to learn from failure, course correct, and share their journeys with others.

It was a huge relief to know that these qualities would be hard-baked into our succession processes and that every promotion decision at the senior levels of our organization would be viewed through the lens of whether or not the person would accelerate our transformation efforts—or put the brakes on them.

The mindsets and capabilities to look for in your leaders

No two companies are the same, and each will be at a different stage of their transformation journey. But there are several traits that you'll want your leaders to have if your organization is to successfully pivot towards a more customer-centric, tech-enabled future.

These mindsets and capabilities are equally applicable to the CxOs at the helm today as they are to the future leaders rising through your ranks.

Bold Vision Bring the entire organization on the journey, winning over hearts and minds.

Growth Mindset Commit to a continuous learning journey, decoupling ego from achievement.

Collaborative Mindset See cooperation as an imperative, so boldly break down silos.

Risk-Taking Adopt and encourage a fail-fast mentality to allow innovation to flourish.

Partnership Mindset Actively seek to work with outside organizations and even competitors.

Provide a definitive *view* on successor pools

The next step was to understand if we had the people within our ranks who could step up to the plate if one of our current CxOs departed within the next three years—whether expectedly or unexpectedly. RRA took a forensic view of our succession pools, working with my own HR team to gather data about each rising star's performance and functional competencies.

More than that, though, they gave us a true picture of everybody's leadership abilities. This went beyond 360-degree references from line managers, peers, and direct reports, to create a full psychometric profile for every candidate. At the heart of their approach was the Leadership Span™ model, which gave us a scientifically validated, genuinely predictive view of every candidate's C-suite potential.

The process gave us a comprehensive view of every rising star's present-day abilities, as well as their 'stretch potential'—how much further they could go if given the right support and development opportunities. And by looking across the entire pool. We were able to understand who we had in the wings who could step up into CxO roles in the next one to three years, as well as over the next three to five years.

It was a worrying picture. Three of our executive roles had no emergency successor candidates. A further six roles only had one credible near-term successor who could step up within the next two years.

It also showed that there was a big lack of diversity across the entire succession pool. That was a serious concern: Innovation, after all, relies on a diversity of thought. Left unchecked, our transformation efforts were at serious risk.

"Innovation, after all, relies on a diversity of thought."

Assess *successors* against the leadership blueprint

Of course, we also needed to understand if our successors had the specific future-facing skills we had identified in the leadership blueprint. Each went through a forensic assessment process that involved in-depth 1:1s with psychologists, market advisors, and industry experts.

As a said before, gleaning insights from these three different perspectives gave us the conviction that we were holding ourselves to the highest bar of leadership success—and, if all went to plan, we would in just a few years be home to some of the best tech-savvy leaders within our industry.

At the end of it, we had a full picture of each candidate's strengths, gaps, and future potential to accelerate transformation. It was clear that while there was a lot to celebrate in our future CxOs, we still had a long way to go before they would truly have what it would take to lead our company into the future and deliver the long-term changes we needed.

Kick off a *robust* development program

The final stage of the project was to kick off a development program to help our future executives develop their tech acumen and leadership muscles. Each was given a tailored roadmap that set out the hard skills they would need to round out their commercial or functional experience, as well as the personal leadership muscles they would need to develop if they were to lead at the C-suite level.

But the onus wasn't just on them. It was also critical that those of us sitting on the ExCo today, including me, needed to commit to supporting them on this journey and proactively providing them with the experiences they would need to make it to the top.

It wasn't enough to just say that a rising star didn't know how to navigate the board or form relationships with stakeholders at that level. Our leaders had to help them nurture these skills. We all needed to commit to getting everyone ready to succeed.

One of the most surprising findings from our work with the RRA team is that they saw the potential to move some rising stars between divisions, to expose them to critical experiences that would make them more viable long-term.

It would never have occurred to do this without the advice from RRA—and has been instrumental in helping us understand how we as a business can also help up-and-coming executives to thrive.

While this is an ongoing process that will take time, it gives me confidence that we are proactively working to give our organization, and the people that make it up, the absolute best chance of succeeding by working together to better ourselves.

"We all needed to commit to getting everyone ready to succeed."

The *results*

As we knew from the start, there are no quick fixes when it comes to tech transformation, nor silver bullets. We are still at the start of our journey. But what RRA did was to help us think strategically about our leadership and whether we had the right people we needed to power long-term change.

From our work with RRA, the idea that we needed to hard-bake tech acumen and digital smarts into every future C-suite role is now firmly on our radar. We all know it will be key to helping us build the innovative, customer-centric culture we need to transform.

We have gone from having zero confidence in our succession processes to now having a clear picture of the tech-savvy leaders within our ranks who, with a little helping hand, will help drive our long-term digital transformation strategy.

I am truly excited about our future journey, and of course, relieved that the board now has confidence in the company's ability to drive transformational change (not to mention my own ability to do the same)

Russell Reynolds ASSOCIATES

Choosing the right partner.

There are several leadership advisory firms to pick from—each with its strengths and weaknesses. Here are a few good rules of thumb to look out for when you're assessing partners:

1. Choose someone straight-talking and honest

There's nothing less useful than an advisor who is afraid of giving you honest feedback—especially when you're dealing with something as high-stakes as picking the next leaders of your company.

When picking a leadership advisory firm to partner with, go for the one that is not afraid of telling you the truth about things—even (or especially) when the truth is a hard pill to swallow.

2. Choose someone familiar with the company and its needs—or comparable companies and situations.

A good advisory partner will have some knowledge about the intimate workings of your company and its unique needs. This is easier when you already have an established relationship, but is still relevant when considering a new partner: a team that takes the effort to understand the nuances of your organization and its history and culture will be a better partner to you than one that doesn't.

And, while no two companies are the same, there are common threads. Advisory partners who have expertise in related industries or companies will be better able to serve you and your company's needs.

3. Pick a firm with a good reputation that is known to key stakeholders

Getting stakeholder buy-in is imperative for a process as drawn out and intensive as succession planning. That job is made easier when stakeholders are familiar with the advisory partner's brand and reputation.

4. Choose a firm that can take a forensic look at your digital maturity

To find an advantage from technology, you need to go beyond only building an empowered digital function and making discrete investments in the latest tech solution. Find a partner who can give you a definitive view on whether you have the right leaders—today and tomorrow—to build a culture of innovation and drive transformation for the long haul.

Request Consultation