

# In Developing CEO Success Profiles, More Organizations are Discovering that the Biggest Benefits Lie in the Process



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**W**e recently worked with a Board of directors that was in the final stages of selecting a new CEO. They had narrowed their list to three top candidates, but now they were stuck. Individual Board members were drawn to different aspects or experiences of the different candidates, and there was now a lack of agreement on who was the best choice for this critical role.

Luckily, we had worked with them in advance to agree on a set of criteria that would inform their selection: a **CEO success profile** that clearly established the must-haves for their new leader.

When we layered those must-haves onto a summary of the top three candidates, the decision became immediately clear. The CEO success profile allowed this group to get unstuck, by reminding them that while some of the candidates' skills or experiences might have stood out as being valuable or unique, they were not among the key attributes the Board was looking for in its new leader.

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# What Is a CEO Success Profile?

What many organizations consider to be a CEO success profile reads like a lengthy activity list, but a high-impact CEO success profile is not a job description or a Board mandate of multiple priorities. It's smaller, tighter, easier to grasp and zeroes in on the true essentials—the things that are absolutely critical to a CEO's success.

It looks different for every organization, of course, as it is tailored to each one's

specific needs and strategic goals. What is common across every CEO success profile is that it represents the mission-critical achievements expected of a CEO, and the critical capabilities, traits and skills they need to possess in order to deliver on them.

Having such a guide in place can be extremely useful. What's truly invaluable, however, is the process an organization goes through to create one.

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# A Process of Alignment

To create a CEO success profile that will ensure alignment, the first step is to collect the perspectives of all relevant stakeholders. That means looking beyond the Board to both internal and external stakeholders, including senior leaders in your organization and even external agencies or members of government. Any significant party whose interests will intersect with your CEO can have a perspective that will feed into a robust profile that brings this complex array of voices together. This approach will guard against an insular view and reflect the holistic context and priorities of the organization for the present and into the future.

It also helps to identify an objective advisor who can meet with each stakeholder one-on-one. Objectivity is important—people tend to be more candid and forthcoming when they know their responses will be anonymously aggregated into the group feedback. Individual meetings also provide a safe harbour in which quieter, critical opinions are encouraged and dominant voices are balanced. Meeting one-on-one helps to even out any power or influence dynamics that may exist on the Board.

By asking each stakeholder wide-ranging, open-ended questions around strategic

priorities, key success factors and risks for the next two years, five years or even longer; what the organization wants to achieve; and anticipated roadblocks or challenges your CEO might come up against, the Board can develop a rich understanding of an array of view points. The open-ended nature of the questions allows them to probe and build context for the responses through the lens of each stakeholder.

After all the individual perspectives are collated and analyzed, the Board comes together. Presented with an aggregate of the

data that was gathered, the Board is now in a position to discuss the points of divergence and work toward alignment. It's important to recognize this nuanced exercise as an opportunity for Board members to have critical, and perhaps difficult, conversations that will put them in a stronger position as a group to select and ultimately work with the CEO. It's the conversations, the process of agreeing on what's really important, that allow a Board to truly reap the benefits of their investment in building a robust CEO success profile.





# Benefits of Creating a CEO Success Profile

A CEO success profile offers additive objectivity to a search process. While the executive search process will include the development of a position profile, the creation of a fulsome success profile can be incredibly useful in bringing more clarity and alignment to a CEO search. That's all the more critical in today's business world where the role of a CEO is becoming increasingly complicated. Today's chief executive is dealing with a host of challenges that barely existed ten to twenty years ago, such as cyber security, privacy, artificial intelligence, environmental, social and governance (ESG) considerations, and an employee base that wants purpose and empowerment, making it all the more important to identify the right candidate.

The benefits of a CEO success profile also extend beyond a hiring situation. In keeping with these increasing business complexities, today's Boards of directors are held to a higher standard, and members are required to become more and more skilled. As these higher-performing boards look to take their effectiveness to the next level, a CEO success profile can be extremely valuable in multiple ways.

We worked with one Board, for example, that felt they had a strong internal candidate for CEO. Nevertheless, they

decided to go through a comprehensive succession process, including creating a success profile. When interviewing stakeholders, it became evident that there were two camps: half of them thought the Board should set the company's strategy, and half believed the CEO should set it.

The question of who sets the strategy was a critical point, because this internal candidate would not have accepted the role if they hadn't been able to set strategy themselves. Yet it's entirely possible that

the Board could have hired this individual into the role without ever getting aligned on this point. The tension that would have ensued is not unusual—we see it frequently when the Board has not taken the opportunity in advance to create a shared understanding of what is truly critical for a role. The process allowed this Board to not only assure themselves that their internal candidate fit their success criteria for CEO, but also to eliminate what could have been a source of struggle, or exit, post-hire.

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## CRAFTING AN AGREED-UPON CEO SUCCESS PROFILE CAN:

- Demonstrate to a new CEO that the Board has a strong understanding of what matters, giving them comfort that they are stepping into a clear, well-defined accountability and evaluation model.
- Establish a smoother onboarding process for a new CEO after they're hired, reducing the need for them to spend their early days trying to build alignment among Board members, and instead allowing them to focus on their mandate, already set up for success.
- Create a stronger Board that has the ability to have tough conversations and work through points of divergence.
- Be cascaded down to success profiles for other senior leaders in the organization.
- Feed into a robust succession planning program for senior levels in the organization, helping to steer development opportunities appropriately to close gaps among other leaders in the company.
- Help smooth discussions with internal candidates who are not chosen as the CEO's successor, helping retain top performers by articulating objectively why they weren't the selected candidate.

# When to Prepare a CEO Success Profile

Many organizations start thinking about developing a profile only when they're about to go to market for a new CEO. But it can be beneficial to create one at any time, for many different reasons, including:

- Leading into a CEO search
- In preparation for a projected retirement or other upcoming change
- As part of a CEO evaluation process, to agree on the criteria they will be measured against
- When establishing an internal succession development program
- During a transformation process
- As part of a strategic planning process

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## The Role of an Objective Third Party

In our experience, the best way to capture input from all key stakeholders and then bridge points of divergence is to use someone external to your organization. When we worked with one Board that had had three successive CEOs fail, the members all confidently said they needed someone with twenty-five years' experience, who was an incredible leader and who knew how to drive transformation. But, with the benefit of an outsider's view, we could see that they were describing the traits of their three previously unsuccessful CEOs.

There was a disconnect between what they thought they wanted and what they really needed, but they couldn't see it. They were jumping ahead to the solution without understanding the problem. By going through

a more comprehensive process of identifying their success criteria and by being constructively tested by an external advisor, they could see that the needs of the organization dictated a different CEO profile.

Using an external advisor to guide you through the process of creating a CEO success profile provides objectivity combined with deep expertise working across organizations in developing best practices. Someone who sits outside the organization is in the best position to guide a group of disparate voices to a point of alignment, and can avoid any agenda or politics that may exist on the Board. A self-guided process can be difficult for even the most experienced and capable Board member as they question and press the assumptions of their peers.

Creating a strong CEO success profile is a skill that is built with experience and objectivity. By combining qualitative analysis with judgment and the ability to distill the findings into what's most important, an experienced advisor can help you avoid some of the pitfalls that can come from relying on overly simplified CEO archetypes. With the findings and deep discussion translated into competencies, personality traits and skills, the Board is well-positioned to seek out candidates who will lead the organization to strategic success.



## Well Worth the Investment

Yes, it takes time to go through this process. But the benefits extend to building a more effective Board, strengthening its relationship with the CEO, and ensuring the chosen CEO is actually right for the role and will stay and be successful. You really can't afford not to take the time to do it.

You can think of a CEO success profile as an insurance policy, guarding against the very expensive failure of a CEO who doesn't work out, or as an investment in your board's and your organization's success, or both. Organizations who have these candid discussions, bridge areas of divergence, create a robust CEO success profile and then use it strategically will all tell you it's well worth it.



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