

PR::XIMITY

Proximity Picks

Curated Readings on CEO Succession

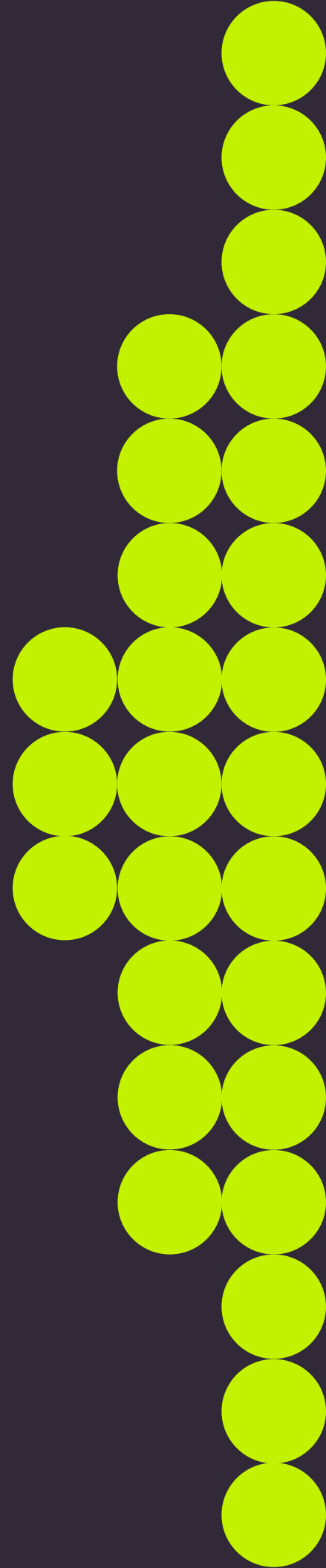
Volume 1
Leading Practices

Curated by

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With support from

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MORE VOLUMES IN THIS COLLECTION:

Proximity Picks Curated Readings on CEO Succession
Volume 2: The Talent Pipeline Dilemma

Proximity Picks Curated Readings on CEO Succession
Volume 3: Humanizing the Role of CEO

ABOUT PROXIMITY INSTITUTE

Proximity Institute (Proximity) is an independent charitable organization dedicated to leadership development at the most senior level in Ontario hospitals. Our mandate is leadership development and change leadership. Our purpose is enabling effective leadership. Our long-term ambition is to work collaboratively with Ontario hospitals to identify, develop and ready a quality pipeline of emerging CEO talent.

Proximity was founded by the Ontario Hospital Association (OHA).

www.proximityinstitute.com

INTRODUCTION

DR. ANDY SMITH, THOMAS FLYNN, ANNIE TOBIAS
NOVEMBER 2022

This curated collection of articles about CEO succession practices is assembled for Ontario hospital CEOs and their respective boards. The articles are a call to action for thoughtful and prepared CEO succession planning and high potential talent readiness as the reshaping of Ontario's health care sector unfolds over the coming years.

An observation might correctly be made that this collection of articles largely reflects studies drawn from the corporate world. The learnings, we have found, are in most instances universal and carry worthwhile relevance for hospitals as well. Sadly, our review surfaced little in the way of research specific to CEO succession and talent readiness for the top job whether in hospitals or other public sector organizations. We encourage CEOs and boards to adapt the learning to their hospital corporation, size, culture and context. Certainly, we are mindful that there is no single blanket solution for a sector as diverse as Ontario's hospital sector. The readings are not intended to be prescriptive.

Most boards struggle to exercise their authority for CEO succession irrespective of industry, and few organizations — whether corporate, public or not-for-profit — do a good enough job of preparing for a succession event. The opportunity lies in hospital boards and their incumbent CEOs to begin working on CEO succession together early enough to be ready down the road for a change in leadership.

The impetus for this work came from a conversation between the CEO and board chair of Sunnybrook Health Sciences Centre and the CEO of Proximity Institute, Annie Tobias. As part of his annual performance objectives, Sunnybrook CEO Dr. Andy Smith, in partnership with board chair Tom Flynn, set out to learn about best-in-class succession management practices which could then be adapted to Sunnybrook. The exercise was one of foresight, planning and readiness, well in advance of a succession event. In parallel, the board of Proximity Institute approved a long-term strategy to mitigate the risk to the Ontario hospital and health care sector of a top leadership vacuum for hospitals looking toward the future. The Sunnybrook and Proximity mandates aligned and the idea for *Proximity Picks Curated Readings on CEO Succession*.

The selection of articles aims to catalyze a healthy discourse between boards and incumbent CEOs about CEO succession and the requisite talent development as a long-term strategy for hospitals. Proactive discourse will ensure the sector has considered the appropriate leadership capabilities in the years to come and mitigate the risk of poor choices and the potential for costly mistakes.

HOW TO USE PROXIMITY PICKS

These articles have been selected from a larger list of academic publications, general articles, business cases and other related works, all of which are available as a bibliography upon request.

Irrespective of whether there is a planned and known CEO succession event on the horizon, we invite boards to read and discuss themes included in these chapters and ultimately to enhance leadership readiness for a CEO transition. In this environment of disruption and change, we hope these readings support important leadership transition choices in the years ahead.

ABOUT PROXIMITY INSTITUTE

Proximity Institute (Proximity) is an independent charitable organization dedicated to enabling effective leadership at the most senior level in Ontario hospitals. We seek to understand the contextual realities facing Ontario hospitals and work in partnership with CEOs and their leadership teams to drive action on the priorities that matter most. Our long-term ambition is to work collaboratively with hospitals to identify, develop and ready a quality pipeline of emerging CEO talent.

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CHAPTER ONE: THE STRUGGLE TO EXERCISE AUTHORITY FOR CEO SUCCESSION IS A UNIVERSAL GOVERNANCE CHALLENGE

As the first two articles in Chapter One reinforce, it is often unclear who takes the lead in driving the succession agenda, how much of a board's time it takes and how to effectively execute on a succession strategy with the support of the incumbent CEO. Too often, the practice of discussing and preparing for succession beyond interim bridging is left until a CEO announces their retirement or moves on more abruptly, leaving boards scrambling and organizations in distress. The first article in Chapter One is often cited as the benchmark in CEO succession surveying.

2010 Survey on CEO Succession Planning

By David F. Larcker and Stephen A. Miles

Rock Center for Corporate Governance
at Stanford University

2010

[Read The Article](#)

Succession Planning: What the Research Says

By Eben Harrell

Harvard Business Review
2016

[Read The Article](#)



CHAPTER TWO: A PRECISE EXAMINATION OF THE BOARD MANDATE AND ROLE IS AT THE CORE OF EFFECTIVE CEO SUCCESSION MANAGEMENT

The three picks in Chapter Two examine the board's mandate and the board's precise roll in CEO succession. The various authors of these articles recommend that CEO succession choices be forward-looking: a reflection of where the sector is heading, rather than from where the sector has come.

Ending the CEO Succession Crisis

By Ram Charan

Harvard Business Review

2005

[Read The Article](#)

Seven Myths of CEO Succession

By David F. Larcker, Stephen A. Miles and Brian Tayan

Stanford School of Business

2014

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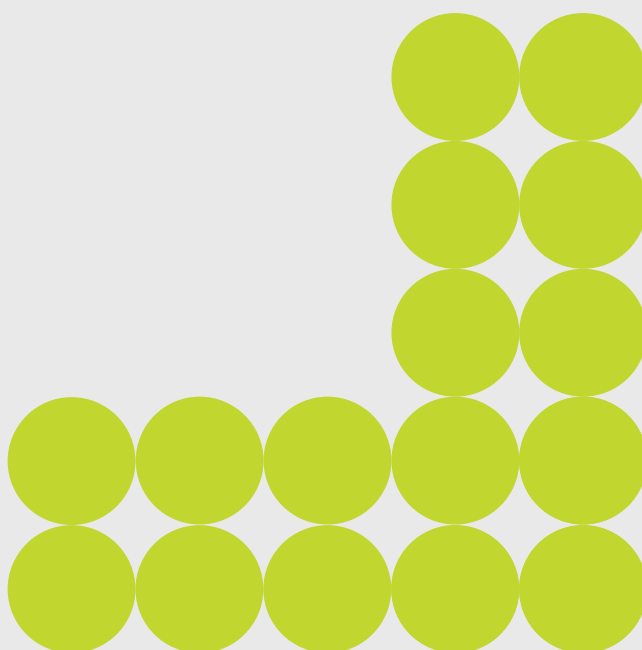
Too Important to Fail: Four New Rules for CEO Succession Planning

By Cathy Anterasian and Robert Stark

Spencer Stuart

2021

[Read The Article](#)



CHAPTER THREE: A DISCIPLINED APPROACH AND INVESTMENT IN HIGH POTENTIAL TALENT MANAGEMENT FOR THE FUTURE OF ONTARIO HOSPITAL LEADERSHIP IS VITAL

With an eye toward the future, it is in the hands of current leadership to identify and invest in the development of high potential talent within their respective hospitals. Chapter Three includes three articles that argue vigorously for a disciplined approach and planned investment to identify early on, and then prepare high potential talent to lead a hospital in a dynamic and integrative environment.

Almost Ready: How Leaders Move Up

By Dan Ciampa

Harvard Business Review

2005

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Strategy Talk: How Do I Build a Strong Pipeline of Future Leaders?

By Ken Favaro

strategy + business

2017

[Read The Article](#)

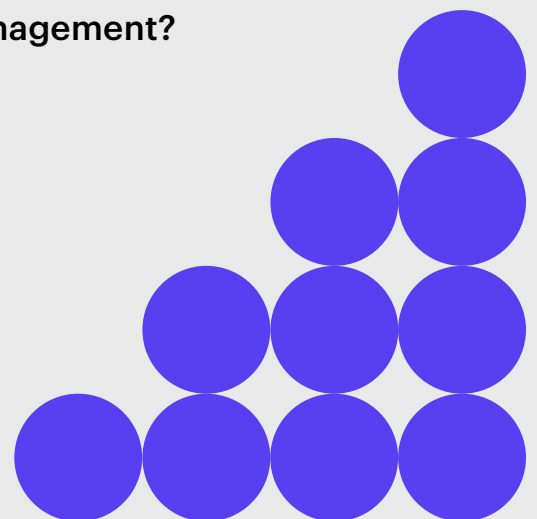
How Well Do Corporate Directors Know Senior Management?

By David F. Larcker, Scott Saslow and Brian Tayan

The Conference Board Governance Centre

2014

[Read The Article](#)



CHAPTER FOUR: HIRING WITH AN EYE ON THE FUTURE

The two curated picks for Chapter Four are dedicated to how boards identify “the right CEO”. Hammering out a CEO profile unique to each hospital and its context, culture and leadership requirements, and doing so well in advance of a succession event, contributes to board objectivity and unanimity in choosing the next leader. The development of a CEO profile to lead an organization into the future sits squarely with the board and is different from a skills matrix.

Chapter Four also offers rich insight into the subjective biases of boards and into the importance of casting the net wide for potential CEO candidates, including identifying candidates one to two levels down within the hospital organization — defined as high potential “leapfrog candidates”.

The Secrets of Great CEO Selection

By Ram Charan

Harvard Business Review
2016

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Constructing a CEO Profile: Guidance for Ontario Hospital Boards in the CEO Succession Process

Proximity Institute
2023

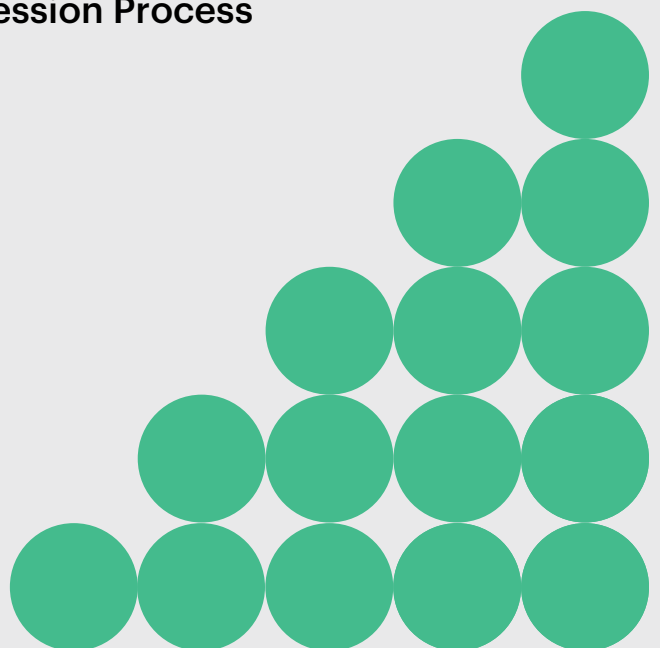
[Read The Article](#)

Finding the Right CEO

By Claudius A. Hildebrand, Robert J. Stark
and Seonaid Charlesworth

Harvard Business Review
2022

[Read The Article](#)



CHAPTER FIVE:

AFTER THE HANDSHAKE... SUCCESSION DOESN'T END WITH CEO SELECTION

Two articles are included in Chapter Five for a discussion on the board's role in onboarding a new CEO and board accountability in setting the new CEO up to succeed. One of the articles is aptly titled *After the Handshake*, when the work of the board continues for some time to come and should not be delegated.

Onboarding Isn't Enough

By Mark Byford, Michael D. Watkins and Lena Triantogiannis

Harvard Business Review

2017

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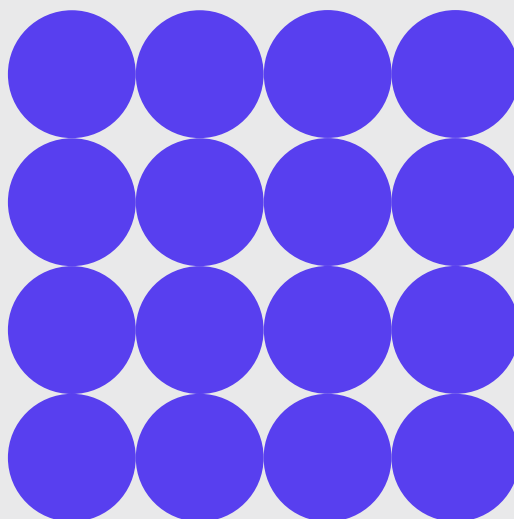
After the Handshake

By Dan Ciampa

Harvard Business Review

2016

[Read The Article](#)



CHAPTER SIX: THE HIGH COST OF MAKING THE WRONG DECISION

Chapter Six brings the collection to a close with three articles on the high cost of getting it wrong, especially when endings are abrupt. Some of these costs are explicit, while other costs are less visible and can have repercussions on the organization and its people and culture for months, if not years.

CEO Selection: The Costs of Getting it Wrong

By Jeff Hauswirth

Spencer Stuart

2016

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The Four Biggest Hidden CEO Succession Risks and How to Avoid Them

By Cathy Anterasian, Jonathan Smith and Robert Stark

Spencer Stuart

2016

[Read The Article](#)

The \$112 Billion Succession Problem

By Ken Favaro, Per-Ola Karlsson and Gary L. Neilson

strategy + business

2015

[Read The Article](#)

