

INTERVIEW WITH **STEPHEN MILES** AND **TAYLOR GRIFFIN**



Stephen Miles is the founder and Chief Executive Officer of The Miles Group. Previously, he was a vice chairman at Heidrick & Struggles and ran Leadership Advisory Services. With more than 15 years of experience in assessment, executive coaching, top-level succession planning, organizational effectiveness, and strategy consulting, Stephen specializes in CEO succession and has partnered with numerous boards of global Fortune 500 companies to ensure that a successful leadership selection and transition occurs.

Stephen is a recognized expert on the role of the chief operating officer, and has consulted numerous companies on the establishment and the effectiveness of the position and supporting the transition from COO to effective CEO. He is a coach to many CEOs and COOs around the world, and his clients cut across all industry sectors.

He is an advisory board member at The Pythian Group, as well as a member of Big Think's Delphi Fellows program. He holds a bachelor's degree in psychology and a master's of business administration, both from Queen's University in Kingston, Canada. He also holds a master's degree in psychology from the University of Victoria.



Taylor Griffin is a Partner and Chief Operating Officer of The Miles Group. Her client work focuses on succession, executive assessment, executive coaching, board effectiveness, and top team effectiveness services. As COO, she is responsible for the day-to-day administration of the firm. Prior to joining The Miles Group, she was an associate principal with Heidrick & Struggles' Leadership Consulting Practice.

Taylor has significant experience across a wide range of leadership advisory services, including executive coaching, executive assessments (including pre-hire or pre-invest assessments), top team development work, board evaluations, and CEO succession planning, in addition to consulting on talent management, team effectiveness, and organization structure and change. She has worked on numerous CEO succession projects around the world, partnering with clients to ensure that a successful leadership selection and transition occurs. She has also worked on chairman successions and board effectiveness reviews, partnering with the board of directors to help them with their overall effectiveness, committee effectiveness and individual director effectiveness.

Before joining Heidrick & Struggles, Taylor was an attorney specializing in commercial litigation and bankruptcy matters in state and federal court. Taylor holds a bachelor's degree in political science, cum laude and with honors, from the University of Arizona, and a juris doctorate from Emory University School of Law, where she served as an editor of the *Bankruptcy Developments Journal*.

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C-Suite Insight: Let's start the discussion by providing readers insight into The Miles Group.

Stephen Miles: The work we do at The Miles Group is about adding value where it matters most in an organization—its people. We help companies bring highly strategic thinking and execution to their talent needs across both their current and future generations of leadership. Specifically, we create strategies around high performance, ranging from executive assessment and coaching to succession planning for the C-Suite and boards to effectiveness training for CEOs, directors, and the company's top team. We have also translated our experience working with thousands of upper-level executives into customized education content designed for a broader group of leaders, those executives who are coming up through the organization.

When a company comes to us for help, there might be a certain event that triggers the call, such as a pressing need to develop a succession plan or an executive transition that needs support. But really, most of the work we do is about taking an already well-functioning organization to a much higher level of performance.

Taylor Griffin: With the CEOs and boards we work with, they want to know, "How can we optimize the talent we have?" The top team may have processes that have worked in the past, but they may need that "shot in the arm" to really amp up for the future. They want fresh thinking

and an outside perspective—and they want to know what kinds of things are working in the best organizations around the world.

We have been able to see in real, practical terms what works and what doesn't when it comes to a host of areas—from board interface to management structure to talent development to succession processes. We can then provide our clients with a wealth of expertise around these issues and show them how to implement changes in a very pragmatic way.

CSI: The theme for this issue of *C-SUITE Insight* is **Governance Outlook**. From your perspectives, what are your thoughts on the governance topics that will drive discussion in 2014?

Miles: Succession is a hot-button issue already and will continue to get hotter. There is both a push from the outside to address this issue as well as a real interest from inside boards to make sure that they are implementing best practice. Boards themselves are recognizing the strategic imperative to get serious about succession planning—for both the CEO and the directors themselves.

The topic of performance evaluations is one that will get increasing airtime in 2014. Boards are engaging us more and more to facilitate in this area as they move beyond a check-the-box, compliance-based approach to a more meaningful exercise tied to strategy. Boards are really pushing

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—Stephen Miles

CEOs to further develop the company's top talent. In a board survey we conducted with Stanford, directors cited mentoring skills as one of the top weaknesses of their CEO.

Griffin: In the same survey, it's also interesting that tied with mentoring as a top weakness was the area of board engagement. Boards take extremely seriously their relationship with the CEO, and CEOs must step up in this area in order to be effective in communicating around the strategic direction of the company.

Boards are also building stronger processes around evaluating themselves and individual director performance—again, getting away from a check-the-box approach to one that measures how directors deliver against the needs of the company.

Other topics that will see even more discussion and debate in 2014 are the areas of board leadership structure, board declassification, regulatory challenges, and, as always, the issue of compensation.

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CSI: In one of your latest publications you identify 11 key challenges for CEOs in 2014. What are some of the challenges and how should CEOs and boards try to tackle them?

Miles: CEO/board engagement is the most important relationship of the entire enterprise. We are witnessing a move from the clubby and personally networked world of 20th century boards toward a situation where a board can function as a true, strategic resource for the CEO. Also, as boards evolve and refresh their own talent, CEOs must adapt to new personalities, capabilities, and levels of knowledge about the business.

CSI: In some of your research, recently in partnership with Stanford University, you found that two thirds of CEOs don't receive any outside advice on leadership abilities, though most would welcome the opportunity to work with a coach. What does this indicate about the relationship with the board and the perception of having a coach?

Miles: There is still some residual stigma among directors—and CEOs—that coaching is somehow “remedial,” that it's all about fixing something that's wrong. But, in fact, real coaching is about enhancing high performance, similar to how elite athletes use a coach to continually improve their game.

We are beginning to see a wider recognition among boards and executives of the immense value of coaching, and a greater demand for this on all sides. The best CEOs are ones who consume insight from many different directions, both inside the firm and outside the firm. They use external coaches as an important source of fresh thinking, to help them approach a problem from a whole new perspective.

Griffin: Critical to the CEO's relationship with the board, however, is how he or she presents the idea of coaching, and the progress one is making, to the board. Some board members grew up in an era when coaching was truly remedial and not

something a CEO would ever voluntarily engage in. So there is an element of education that must happen – teaching the board what coaching really means today, and how the organization can benefit from it.

CSI: What are some global best practices in the succession process and what are some of the more case-by-case issues you have seen arise?

Miles: We have conducted many successions for companies worldwide, and have been able to see very powerfully the practices that lead to effective transitions. Interestingly, while boards have historically brought in advisors for a number of important areas they govern, from audit to compensation to risk, they have not generally had advisors in what is arguably their most important role, CEO succession. Now, we are seeing more and more boards retaining advisors to support them through the succession process.

One of the most important starting points for CEO succession planning is to view succession as a multi-person event. Selecting a CEO needs to be made in the context of the strength of the top management team, the state of the company, the external environment, and whether there are other structural moves that can be made to eliminate some risk. The whole system around and including the CEO must be evaluated for context. The company needs a CEO, but also needs to establish



bench strength in underlying executive positions. As such, we are seeing boards become much more interested in learning about the talent that is one, two, and often three levels below the CEO.

Griffin: Developing viable candidates may require moving executives aside who are “blocking” the natural process of succession. One of our Fortune 50 clients two years out from a scheduled succession event transitioned three individuals out of the top management team in order to make room for the succession candidates. The board and CEO made the succession plan operational by having the courage to proactively make moves on the top management team. This exposed the candidates to new roles and gave them a place at the executive team level. This transformational experience resulted in three viable internal candidates at selection time. Succession planning needs to be done in a proactive and deliberate manner in order to avoid unplanned firefights and the associated disastrous outcomes.

CSI: Another part of your practice includes board effectiveness and board advisory services: What are some of the trends in board education that you expect to see in 2014?

Miles: Directors are eager for a deeper dive into their companies’ business environment, operating environment, and

competitive environment. This deeper understanding allows them to engage in a more meaningful and productive dialog with the CEO and upper management so that they can get beyond the surface quickly. Best-in-class boards take this educational component very seriously. The business landscape is changing so fast that boards need this at a minimum to stay relevant and attuned to the opportunities and threats facing the business.

Griffin: Succession planning is another key area of board education. Many directors have not been through a succession event before, or have experienced it just one or two times. They need a robust process around learning about succession from advisors who have worked through a number of leadership transitions and seen what can happen.

CSI: Can you define the concept of board succession and take us through a successful board succession process?

Miles: First, let’s talk about what it isn’t. Effective board succession isn’t about swapping out an outgoing director to fill the departing director’s shoes. There are so many factors that come into play—from shifts in regulations to new competitive threats to global market opportunities—that best-in-class boards know that they must take into account how a company’s needs may have changed when it looks at new directors.

What best-practice board succession is today is assembling a group of directors that meets the future needs of the company. This involves a substantive process that really digs into the heart of the matter—the company’s future success—and requires steps to ensure that a candidate is chosen who can lend wisdom and judgment, but also, just as important, work well with other board members. It’s important to take a deep dive to determine which capabilities are needed in directors to best meet the future needs of the company, and this is typically done through the development of a skills and experience matrix. It’s then important for the board to develop a robust interviewing and eventually onboarding process for new directors.

Griffin: For succession planning around board leadership – whether it’s for the chairman, lead director, or a committee chair role, the situation can be much more highly charged. When boards are choosing a leader from among their peers, the process is very delicate, as they are evaluating and rating each other rather than an external candidate. Who is “first” among a group of “equal” peers?

This is where it is vital that there is a rigorous and planned approach to board leadership selection, having a process in place takes emotion out of the decision-making. Having a process ensures that candidates for leadership posts are evaluated objectively rather than anecdotally by their peers. **■**