

PLANNING YOUR OWN EXIT

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Today's CEOs, including those who have reached what would in previous generations have been considered proper retirement age, are defying F. Scott Fitzgerald's famous pronouncement about there being "no second acts." Experienced, accomplished CEOs are in greater demand than ever before by a wide range of enterprises, and may therefore have many appealing options open to them, if they are interested in pursuing them.

It is an issue many CEOs wrestle with: how to do the right thing for one's company, while also doing right by oneself. When it is time to move on, how can a CEO manage his or her transition to the next phase of life in the most responsible way with the least negative impact on the company?

Methodical planning is nothing new to experienced CEOs, and they should settle for nothing less when it comes to planning for themselves and their future. We recommend a personal "360" as the best place to start before embarking on a new life phase. This exercise begins with some serious self-reflection: What am I passionate about? What do I still want to accomplish? In addition, it may be helpful to get an honest assessment of yourself from a range of those close to you, including friends and business colleagues as well as your spouse. What do they view as your strengths, weaknesses and perhaps untapped skills or talents that you may not even have

thought about building on? You may be surprised at what you learn. Keep in mind the need for discretion when exploring any personal next steps, or even a hint of moving on, with current board members and business associates. We offer more specific suggestions below on how to deal appropriately with the delicate matter of sharing your plans with your own board.

Once you have digested the input from your self-assessment and the added input of those who know you best, consider brainstorming — alone and with others — to generate a working list of options for yourself. While certain choices, such as Olympic athlete or astronaut may be foreclosed at this point, aim to be as expansive and inclusive as possible in generating a working list; it always can be whittled down later. In our experience, CEOs tend to underestimate the range of options open to them, looking at only the most obvious extensions of what they already have done.

When in exploration mode, sometimes your network of key advisers may surprise you with interesting, less apparent opportunities. When your contacts know of your interest, they may be able to “hold” a spot for you or create an opening that fits your time frame. Former CEOs are frequently in demand for a variety of positions, including independent directors, government and community leadership roles, and board or senior executive roles with high-profile nonprofit groups. Another area where we see increasing demand for CEOs is private equity, which taps retired executives for partner roles, operating positions in portfolio companies and as deal advisers.

When you have honed your list to real possibilities that would interest you, you will want to spend considerable time building your bridging strategy. Your bridging strategy might include steps for gaining specific experience important to your next phase or developing helpful personal connections.

Common examples of “paving the way” include CEOs taking an external board position with another corporation, or perhaps becoming involved with government committees or

projects and charitable bodies in the final years preceding their planned retirement date. While your bridging strategy should be consciously proactive, it also is built with time and patience. Most worthwhile opportunities do not develop overnight, as you know from your own business experience. Be prepared to work at your personal plan, and regularly and discreetly follow up with those who may be able to open doors for you, just as you would in your role as CEO. The net result of all this activity should be a realistic, desirable choice — or choices — as well as a strategy for nurturing one or more of them to fruition.

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One important note: Especially if you are an older CEO, do not underestimate lifestyle considerations when you are evaluating and pursuing your next move. New paths, including nonprofits and board appointments, can be far more demanding than many experienced CEOs anticipate. Any potential move should be properly evaluated and vetted. Activities you were able to take in stride over the years as requisites for performing your job and advancing in your career may be unacceptable hardships for you now. If you value quality time with your family or the freedom to travel, for example, be sure to factor them into the equation and make your choices accordingly. This takes on special significance at a time when multinational companies are increasingly interested in appointing boards with global representation, which can be a positive or negative to different people.

The better prepared you are personally for your “next career,” the more likely you will effectively manage the notification of your departure with your board and chairman. The ideal is to provide appropriate time for your board to facilitate effective CEO succession and for you to assist the chairman and board in this process. Precisely what the period of notice should be may vary widely, depending on how well prepared you and your board are in terms of ready succession contenders. If internal succession is available and likely, nine

to 12 months' notice typically would be sufficient. If external candidates will be required, a minimum of 12 months' notice should be provided to ensure a proper and smooth succession process. Notification to your board typically begins with an informal discussion, leading to formal notice at an appropriate time, which generally is spelled out in employment contracts, long-term incentive plans and the like.

PRINCIPLES FOR ACCOMPLISHING A GRACEFUL EXIT

While everyone's individual exit plan will be uniquely his or her own, here are several basic principles that can be applied to all:

Enlist your personal board. Your own group of advisers and friends — those who know you best — will be helpful as a sounding board and as a source of ideas. Make sure to keep them apprised of your plans.

Invest the time and discipline. Chances are, you have planned carefully for most of your life. The next phase of your life should be approached in the same thoughtful fashion, even if it is the fulfillment of a personal or nonbusiness dream. Step back and take the long-term view, and weigh the pros and cons of your next move to give it the best chance of success.

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Conduct careful due diligence. Next steps that are not carefully planned and vetted can be personally disappointing and professionally embarrassing, and if you are a large company CEO, it is sure to make news. Be sure to explore positives as well as potential pitfalls of the new opportunities that present themselves.

Allow possibilities to percolate. The right opportunity may emerge quickly or it may take some time to take shape. Try

not to adhere to too strict a timetable: discuss your interests with those in your network, and then give the possibilities a chance to germinate. On the other hand, there is also a chance that someone might create an opportunity or adjust the timing if they learn of your availability.

Guard your reputation. Successful CEOs want to launch their personal plans confident that they are leaving the company in steady hands. However, it is not unheard of for an attractive opportunity to emerge sooner than expected. When weighing your personal goals against the needs of the company, our advice is to err on doing the right thing for the company. You have built and burnished your reputation over the course of a lifetime, and you never want to put it at risk.

Leave room for serendipity. Not to suggest that you ignore prudent planning, but remember, some of the best opportunities in life come out of the blue — if you are open to them. How you met your wife or husband, your best friend or got a great job, may be examples. Even as you carefully plan your next move, periodically look in new places for potentially gratifying opportunities that may have escaped your notice.

With their experience and skills in greater demand than ever, and with people living longer, more productive lives, CEOs have the opportunity to reinvent themselves as never before. A combination of careful planning with your own board, and some soul searching and a personal strategy, as we recommend here, can yield a fulfilling second act, or even a third or fourth.

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