



CEO
SUCCESSION

ENABLING BOARDS TO
SUSTAIN BUSINESS
SUCCESS BY CULTIVATING
GENERATIONS OF CEOs.



SUSTAINING SUCCESS THROUGH LEADERSHIP

Boards of directors today are responsible for protecting and increasing shareholder value over the long term. Maintaining an ongoing leadership succession plan is a key element to continued business success, yet all too often boards find themselves with an ineffective succession process—or worse yet—with no process at all.

The SEC, FDIC, shareholders, financial analysts, and other stakeholders have come to expect that corporate boards will meet this crucial responsibility.

It's not only sound governance: it's sound business.

WHY KORN/FERRY?

✓ **A team with depth and breadth**

Our team has worked with the boards and CEOs of world-class companies across all industry sectors. Comprised of complementary partners and advisors, our best-of-breed team has a track record of getting CEO succession right. Our approach is simply not available anywhere else.

✓ **A process that no other firm is equipped to deliver**

We have created the gold standard for CEO succession. Our service encompasses all phases of the planning process, from CEO profile development to candidate assessment, executive development, competency modeling and marketplace benchmarking. This modular approach is highly customizable, with a bias toward building your board's ability to sustain the process over the long term.

✓ **Exclusive, research-based intellectual property**

Our unique process for developing the CEO profile is based on your board's strategic thinking and our proprietary research on leadership competencies. We perform a market-based assessment of your executives against best-in-class job profiles by industry, level, and function. Additionally, Korn/Ferry has the only system to measure an indicator of executive potential known as Learning Agility.

✓ **A winning track record**

We have transformed succession in more than 150 companies globally. Our groundbreaking executive development programs have been acknowledged by *Fast Company* as the "Mayo Clinic" of leadership development and have garnered numerous awards and rankings.

WHY IS CEO SUCCESSION PLANNING SO CHALLENGING?

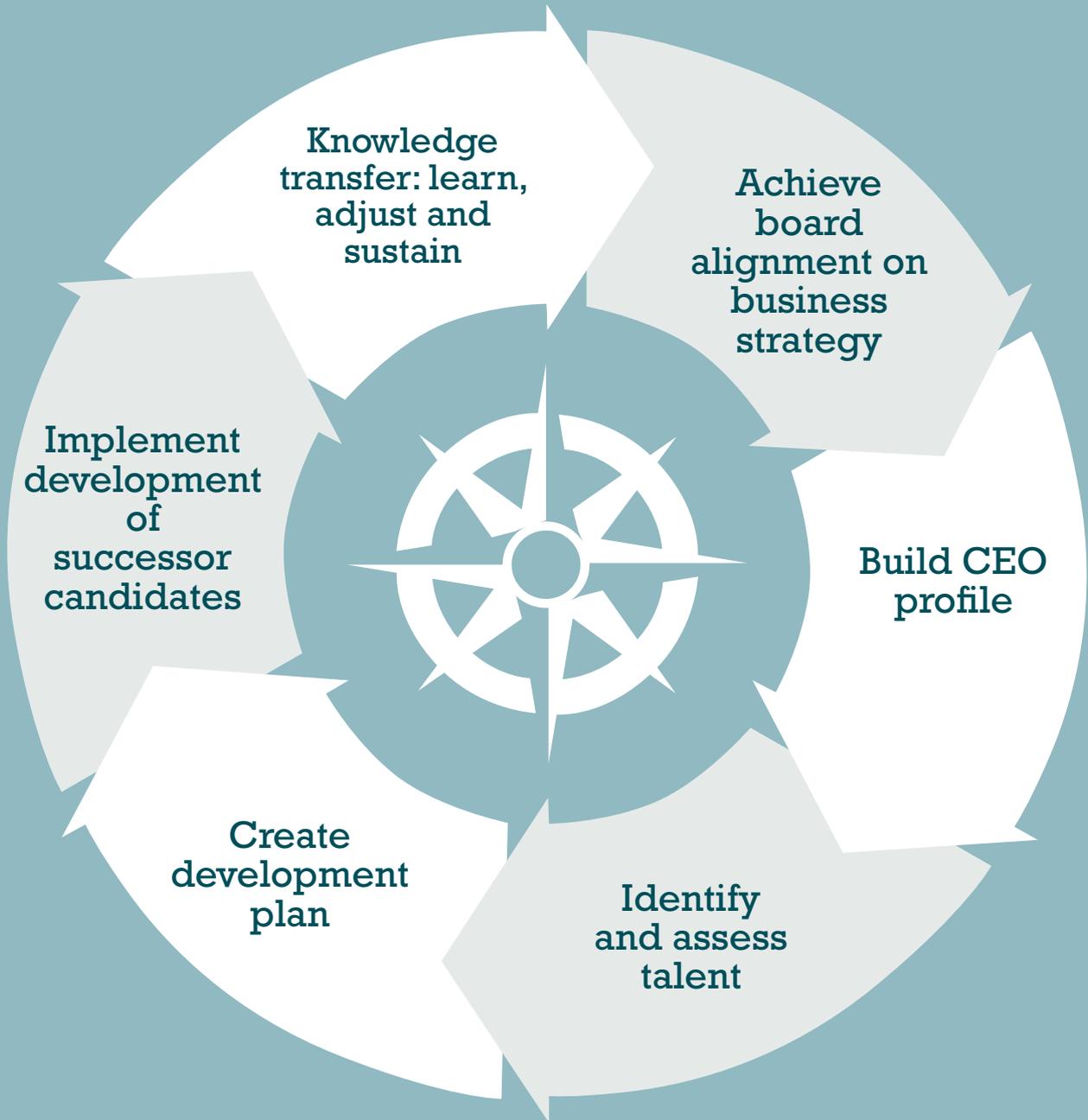
There are three primary stumbling blocks:

1. **Misalignment among decision-makers.** When boards or management don't agree on certain strategic objectives, succession discussions stop at the immediate "who's next?" and fall short of building a leadership pipeline for the future.
2. **Human nature.** It is easy to avoid talking about life after the current CEO, especially if he or she is performing well. But avoiding these conversations invites criticism from regulators and shareholders. More importantly, it imperils the future of the organization by failing to provide for a deep leadership bench that will grow value over time.
3. **An insufficient process.** Some organizations lack a formal process for evaluating internal and external candidates or have difficulty understanding how to link business strategy to the competencies and capabilities needed by a CEO. This lack of process often results in avoidance or gridlock.

There is a systematic, rigorous way to plan for succession.

Korn/Ferry International's CEO Succession Practice has built a transparent, objective, and repeatable planning process based on proprietary development and assessment methodologies. Our assessments, created and validated with behavioral science research, have become tested predictors of how well a candidate fits a top leadership role. Our approach adds objective, evidence-based management practices to the planning process.

UTILIZING KORN/FERRY'S PROCESS TO DRIVE SUCCESS



HOW OUR PROCESS WORKS

1. **Align the board's view on business strategy.** Where is the company headed in the next two, five, or even ten years? What dynamics are shaping the industry and how will the company respond? Reaching consensus on such questions is essential to determining requirements of future leaders who can fuel the strategy.
2. **Build profiles for the CEOs of today and tomorrow.** We then translate the short-, mid-, and long-term business strategies into leadership profiles and competency models against which internal and external candidates are measured objectively and consistently.
3. **Identify and assess internal and external candidates.** Korn/Ferry takes an upstream approach to the CEO marketplace, continually identifying candidates and building relationships so that we can move quickly when the time comes.

With assessment methodologies in hand, we compare candidates to a specific company's profile and to industry best-in-class CEO profiles. We then select high-potential candidates for CEO and other C-suite positions, thus assembling a full leadership portfolio.

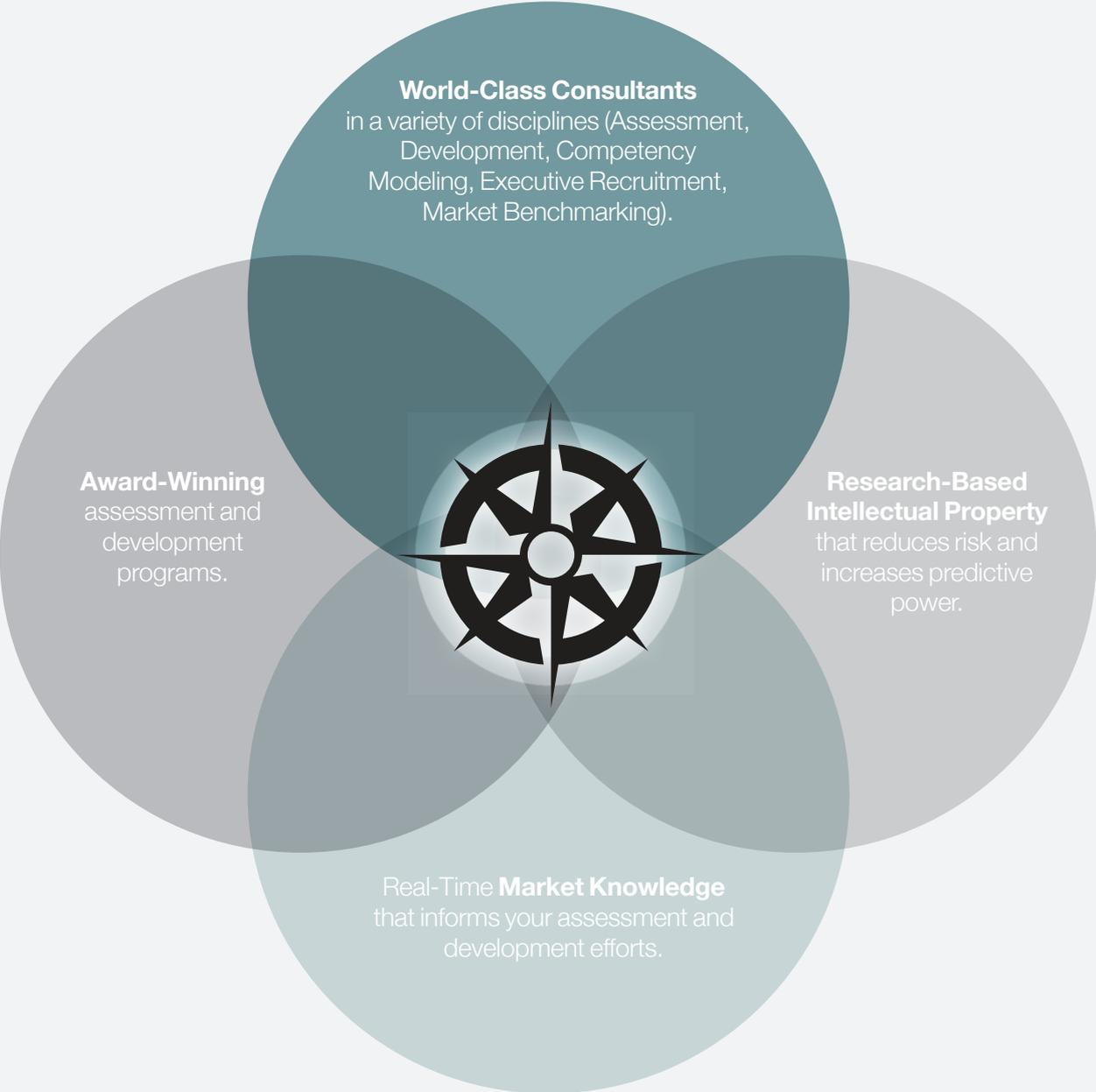
4. **Create a development plan for the internal leadership talent pipeline.** For each internal candidate identified, Korn/Ferry tailors a specific development plan to ensure the individual's next-level readiness.

Successful preparation rests on the 70:20:10 formula. That is, 70 percent of preparation involves on-the-job training through stretch assignments that will build and test candidates' enterprise-wide leadership skills; 20 percent includes mentoring, feedback, and coaching from others; and 10 percent consists of formal academic or training programs.

5. **Implement a development plan specifically for near- and mid-term CEO candidates.** We enhance the board-crafted program by providing candidates access to our specialized development programs such as Chief Executive Institute®, Executive-to-Leader Institute®, and Leader Succession®.
6. **Transfer knowledge to sustain the planning process.** Succession planning should not be a one-time event but rather an ongoing process. By transferring our process knowledge, Korn/Ferry makes it possible for boards to meet their current and future responsibilities more effectively.

KORN/FERRY'S CEO SUCCESSION DIFFERENTIATORS

Korn/Ferry's unique capabilities equip your board to exercise gold standard governance around CEO Succession.



THE RESULT: CEO SUCCESSION PLANNING THAT DRIVES SUSTAINED BUSINESS SUCCESS

Introducing a disciplined approach to leadership talent management based on relevant benchmarks creates a framework for succession planning and long-term growth of shareholder value. Boards using Korn/Ferry's industry-leading process can expect:

- **A more complete, clear view** of the internal and external pipeline;
- **Internal candidates** who rapidly develop the skills needed to provide enterprise-wide leadership;
- **More engaged high-potential leaders** via development experiences;
- **Reduced succession risk** and a board prepared for this task on an ongoing basis; and
- **A board more aligned than ever on company direction** and the type of leaders needed in the short and long term.

ABOUT KORN/FERRY'S BOARD & CEO SERVICES PRACTICE

Korn/Ferry International has recruited CEOs and board directors for more than 40 years. Our dedicated Board & CEO Services Practice is committed to improving governance practices worldwide. Our approach includes CEO Succession Planning and Assessment, Board Director and CEO Search and Selection, Board Effectiveness, and Director/Executive Compensation Consulting.

Visit www.kornferry.com/BoardCEOServices for more information.