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CEO transitions: the implications for coaching in South Africa

A research report submitted by

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A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management (Business and Executive Coaching)

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“When you are thirsty, it is too late to think about digging a well”

Japanese Proverb

ABSTRACT

The study explored the CEO transition process that takes place in the handing over of the organisation from the outgoing CEO to the incoming CEO and how executive coaching can facilitate the transition process.

The past two decades have seen a reduction in the tenure of CEOs. In addition the transition period has contracted. This means that the incoming CEO is often faced with many challenges that may have been alleviated in a longer or more structured transition process.

As CEO succession has a major impact on the organisation, and is disruptive in itself, executive coaching might present an opportunity to manage the transition and improve the settling in and effectiveness of the incoming CEO and thereby the performance of the organisation. .

Friedman and Olk (1995), Garman and Glawe (2004) and Vancil (1987) defined a structured CEO succession and transition process in organisations. The transition process is conceptualised as a settling-in period where the designated CEO and outgoing CEO work together in a dual capacity whereby the organisation would slowly be transferred from one to the other over a period of months or even years (Kakabadse & Kakabadse, 2001).

The Chairman plays an influential role in selecting the incoming CEO (Dalton & Dalton, 2007b; Engelbrecht, 2009; Fredrickson, Hambrick, & Baumrin, 1988) and in supporting the incoming CEO in his/her initial appointment period (Kets de Vries, 1987). There are various factors that determine the selection of an insider CEO or outsider CEO based on the performance and future strategy of the organisation (Dalton & Kesner, 1985; Friedman & Olk, 1995; Khurana, 2001; Ocasio, 1999; Zajac, 1990). The selection of the incoming CEO is important as it impacts the market value of the organisation and creates disruption within the organisation (Grusky, 1963).

The incoming CEO, whether an insider or outsider CEO appointment, experiences many challenges when taking up the position. These challenges include delivering continuous growth, improved performance and profitability of the organisation (Bower, 2007; Giambatista, Rowe, & Riaz, 2005), managing key relationships with the Chairman, Board of Directors, Shareholders, key customers and suppliers as well as the management of people within the organisation. Other challenges are of a more personal nature, such as self-doubt and balancing work-life (McCormick, 2001; Stajkovic & Luthans, 1998; Stock, Bauer, & Bieling, 2014). Many of these challenges can be attributed to the reduced transition period that an incoming CEO has (Charan, 2005).

There are various support structures available to the incoming CEO to supporting the incoming CEO in his/her initial appointment period. These include the Chairman, mentors and executive coaching. Various coaching models were considered in supporting the incoming CEO through the transition period and the challenges experienced (Bond & Naughton, 2011; Passmore, 2007; Saporito, 1996). The aim of exploring executive coaching models was to recommend a coaching framework that could be used in the CEO transition process.

The research methodology used in the study was qualitative. Semi-structured interviews were undertaken in order to gain insights from the lived experience of CEOs, Chairmen and Board of Directors of organisations (Ponterotto, 2005; Wimpenny & Gass, 2000). Further to this an analysis of the CEO turnover in the Top 40 companies listed on the Johannesburg Stock Exchange (JSE) was undertaken, which served to triangulate the results from the respondent interviews.

It was found that there was both planned and unplanned CEO succession in organisations and this impacted the transition process and period that took place between the outgoing CEO and the incoming CEO. Planned CEO succession usually arose from the planned CEO retirements and allowed for a long transition period. An unplanned CEO succession arose from the untimely resignation, retirement or death of the existing CEO. This left the newly appointed CEO taking the position with a very short transition period, if at all.

Following from the planned and unplanned CEO succession there was found to be a mismatch between the theory of the CEO succession and transition processes and the practice thereof. This seemed to be more evident from a South African perspective as most of the literature on the subject of CEO succession and transition processes was internationally based with very scant South African literature available on the topic.

Executive coaching can provide the structure for the incoming CEO to orientate him/herself to the organisational dynamics, setting the vision and strategy for the organisation as well as the effective execution of that strategy. Further, executive coaching can assist the incoming CEO in the personal challenges of leadership, managing people and stakeholders as well as self-doubt and work-life balance that the newly appointed CEO may experience.

Keywords: CEO transition, coaching, executive coaching, mentoring, CEO succession planning, CEO succession process

DECLARATION

I, Edelweiss Gray, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Signed at ……..…… on the …….. day of June 2015

_____

Edelweiss Gray

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Firstly I would like to thank all my respondents for giving of their valuable time and telling me their experiences. Without their inputs, time and narrative, this study would not have happened.

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1 INTRODUCTION

The purpose of this research is to explore the transition process between the outgoing CEO and the incoming CEO and through this understand how coaching could facilitate in the CEO transition process. The transition process is the handing over of the organisation from the outgoing CEO to the incoming CEO and what transpires in that period. In arriving at the transition period, a number of prior events have taken place in the organisation that need to be explored to arrive at the dynamics that take place in the transition process. These prior events have been explored as part of this research study and include the CEO succession planning that takes place in organisations; how the CEO is selected and who is responsible for selecting and appointing the CEO; the various challenges that the incoming CEO experiences stepping into the position and the support structures that are available to the incoming CEO that have been beneficial, including mentoring, grooming and executive coaching.

This chapter reviews the purpose and significance of the research study to various stakeholders and to the current body of knowledge.

1.1 Context of the study

The Chief Executive Officer (CEO) is a powerful person in the organisation, who typically has the ultimate authority and corporate responsibility (Vancil, 1987). The CEO's visions, values and strategic direction are usually imposed on the organisation and he or she is responsible for the over-all performance of the organisation (Gioia & Chittipeddi, 1991; Kesner & Sebora, 1994; Ma, Seidl, & Guérard, 2014).

Consequently, the selection and appointment of the CEO is probably one of the most important decisions that the organisation's Board of Directors needs to make (Charan, 2005; Vancil, 1987; Westphal & Fredrickson, 2001). The selection of an incoming CEO shapes the future course of the organisation, and it could either be a smooth transition process or extremely destructive (Kesner & Sebora, 1994). Even though a succession event is the impetus that is required to bring about organisational change, the associated risk with a succession event is that an unsuccessful CEO transition may disrupt the organisation and throw the organisation into disarray (Grusky, 1963). Therefore, the lack of a clear and systematic process to facilitate the transition from one CEO to the next exposes the organisation to unforeseen risk and uncertainty. This affects employees, top

management, shareholders, the effectiveness of the incoming CEO and can be a contributing factor to the profitability and performance of the organisation (Gabarro, 1987; Khurana, 2001; Shen & Cannella, 2002; N. Stoddard & Wyckoff, 2008).

An unsuccessful CEO appointment is also extremely expensive to the organisation as severance packages, buying-out bonuses, options and other incentives need to be paid to the exiting CEO. In addition, recruitment agency fees and legal costs come with finding a CEO replacement (N. Stoddard & Wyckoff, 2008). Therefore, the succession planning process around the CEO appointment and the transition process between the outgoing CEO and the incoming CEO is important within the life of an organisation (Garman & Glawe, 2004).

Often, newly-appointed CEOs have to perform immediately, not having the benefit of a "honeymoon period". This contributes to the increasing number of CEOs whose tenures do not last longer than three years (Fredrickson et al., 1988; O'Brien & Shunk, 2009). Dalton and Dalton (2007b) cite from a report by the Centre for Creative Leadership which states that 55% of newly-appointed outsider CEOs and 34% of insider appointments fail within the first 18 months in their positions. A study on the success rate of incoming CEOs was done by Redman (2006) and the outcome was that two out of every five new CEOs fail in the first 18 months of their appointment.

These statistics illustrate the importance of developing and implementing strategic succession plans for leadership development. Alternatively, organisations need to gather market intelligence on how future CEOs would be recruited from within the industry (Khurana, 2001).

There are corporate governance frameworks and policies that need to be considered in succession planning in the form of Sarbanes-Oxley Act (SOX) in the United States and King III in South Africa. These policies apply to both publically- and privately-owned companies. It has been found that following the implementation of SOX, there has been a constraint imposed on the CEO succession process by restricting the number of insider directors that are allowed to be on the Board of on organisation (Dalton & Dalton, 2007a). The impact of this on succession processes is that it has precluded potential CEOs from obtaining on-the-job training through interactions with the Board and this means that the Board might not have insights into the skills and competencies of the CEO candidates (Dalton & Dalton, 2007a). SOX has been introduced on a "comply or else" basis, making no provisions for extraordinary circumstances and, hence, is very inflexible in its application.

King III has been introduced in South Africa on an “apply or explain” basis. This means organisations are not bound by standards that compromise the purpose of the organisation, and, hence, give the Boards of Directors some flexibility in their application (Engelbrecht, 2009). However, there is social and competitive pressure for organisations to comply with King III. Principle 2.17 of King III addresses the Board’s responsibility in terms of appointing the CEO and implementing a Board and CEO succession plan. Principle 2.17 of King III provides that “*The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority*” and this includes:

- The Board should appoint the Chief Executive Officer.
- Companies listed on the JSE are required, with effect from June 2009, to appoint a Financial Director.
- A succession plan should exist for the CEO, senior Executives and Board Members.
- The Board may delegate authority but should not attempt to abdicate its responsibilities.
- Levels of materiality should be defined by the Board.
- The Board should exercise objective judgment; which is independent from that of management.
- A process should be agreed to provide directors with access to company information and records ("King Report on Governance for South Africa," 2009)

The consequence of this is that in South Africa, organisations, especially publically-listed companies, need to report annually in their Annual Financial Statements that they are compliant with the corporate governance best practices as set out by King III. This includes a statement addressing Principle 1.6 of King III which deals with the Board’s responsibility to implement succession plans in the organisation, specifically for the succession and appointment of the CEO.

Organisations need to implement a succession plan that is a living document, which is continually updated to meet the needs of the organisation. Planning and analysis of succession planning needs to focus on identifying potential candidates who with two to four years’ worth of investment, such as leadership development training, mentoring or coaching, could be ready for CEO transition (Miles & Bennett, 2007).

However, empirical evidence suggests that the process around CEO succession planning seems to be on an *ad hoc* basis rather than the systematic approach of role definition, selection, induction, hand-over, strategy development and implementation that is suggested by theory (Greiner, Cummings, & Bhambri, 2003). Greiner et al (2003) go further in stating that even though succession planning processes might be in place, none

of the models integrate the strategic, organisational and leadership criteria necessary for the CEO transition process. Therefore, Bower (2007, p. 92) aptly describes that "succession is a process, not an event", and the process should begin years before the event.

Executive coaching is widely-recognised as a tool that could be used to assist an executive in meeting many of the demands that the job entails such as coaching for skills, performance or development (Witherspoon & White, 1996) or leadership development (Day, 2001) or job roles or tasks (Kilburg, 1996). A fully-comprehensive model is set out in Figure 1 and shows the multidimensional role of executive coaching through three applications, namely, the individual executive (executive focus); the organisational systems (systems focus) and the relationship and behaviour factors that intercede in the interactions between the executive and the organisation (mediated focus) (Kilburg, 1996).

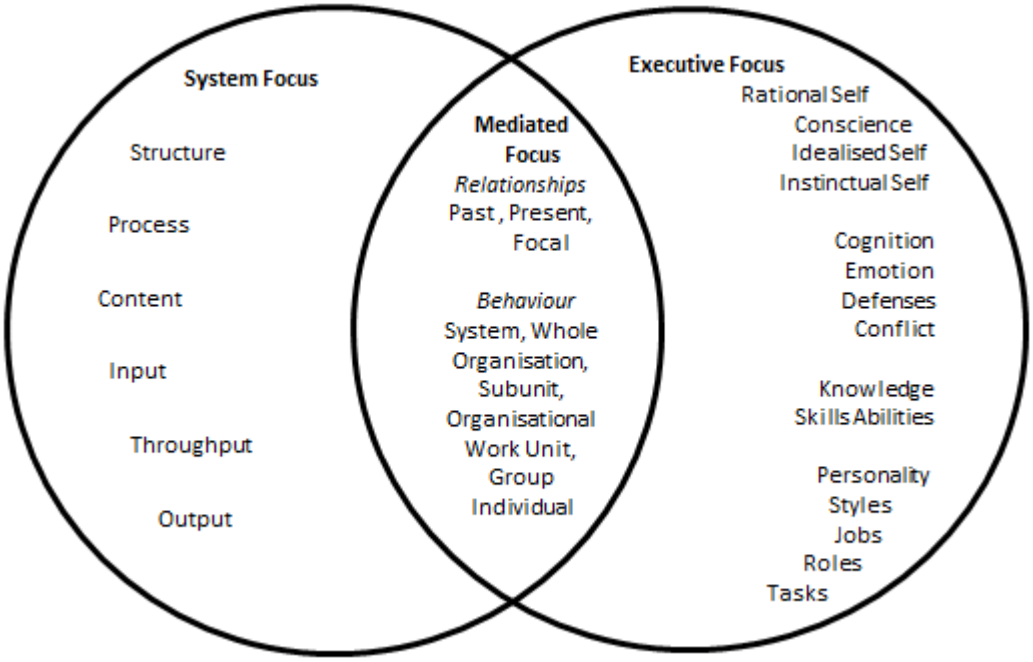


Figure 1: The foci for executive coaching

(Kilburg, 1996, p. 138)

Kilburg (1996) sets out the effectiveness of coaching through improving the executive's functioning and as a means of attaining executives goals. The gaols are attained using the multi-dimensional organisational context within which the executive operates. The common goals of executive coaching are illustrated in Table 1.

Table 1: Typical goals of executive coaching

1	Increase range, flexibility and effectiveness of the executive's behaviour repertoire
2	Increase the executive's capacity to manage the organisation through planning, organising, staffing, leading, controlling, decision making, tasks, jobs, and role definition
3	Improve the executive's psychological and social competencies
4	Increase the executive's ability to manage self and others in conditions of environmental and organisational turbulence, crisis and conflict
5	Improve the executive's ability to manage his or her career and to advance professionally
6	Improve the executive's ability to manage the tensions between organisational, family, community, industry and personal needs and demands
7	Improve the effectiveness of the organisation or team

(Adapted from Kilburg (1996, p. 139))

Miles and Bennett (2007) advocate the use of transition coaching for new CEOs during their first year. The benefits given for transitional coaching is that it would offer the new CEO a supportive and a political resource that would help the successor to continue the personal develop work that the organisation initiated during their succession development process. A further benefit is that the new CEO would have access to an impartial person who would be able to keep him or her focused on the key activities during the first 90 days following their appointment.

However, the recommendations of Miles and Bennett (2007) are on the basis that there has been a planned succession process in the organisation and through that planned process, there has been a succession development plan in place for the designated CEO successor.

It is not known specifically how executive coaching could be applied to the transition process from the outgoing CEO to the incoming CEO, especially in the event of an unplanned succession event. Most of the existing studies have reviewed the transition event from a theoretical perspective and not from the CEO's lived experience. Therefore, the needs and challenges of the incoming CEO are only cursorily taken into account. This study, through focusing on the lived experiences of CEOs, attempts to provide further insights to the body of knowledge through exploring the theory and reality of a CEO transition process.

1.2 Significance of the study

The study seeks to fills a gap between the theory and the reality of the CEO succession and transition process. Although there is a great deal of literature on succession planning, the selection of an incoming CEO and the succession process there is very little literature on the transition process and what actually transpires in practice owing to the lack of evidence from the CEOs themselves (Kim, 2006; Zajac, 1990; Zhang & Rajagopalan, 2003). Gaining insights into the personal experiences of incoming and outgoing CEOs would create an opportunity for determining how coaching could aid the incoming CEO in the succession and transition process.

Most literature reviewed is based on historical data, as opposed to obtaining direct experiences from CEOs reflecting on the process (Kim, 2006; Zajac, 1990; Zhang & Rajagopalan, 2003).

The process of succession planning and the steps that organisations should implement have been proposed by numerous scholars (Barnett & Davis, 2008; Friedman, 1986; Garman & Glawe, 2004; Greiner et al., 2003; Kakabadse & Kakabadse, 2001; Kim, 2006; Yancey, 2001). Miles and Bennett (2007) found that when organisations have succession plans in place, the succession planning efforts may be poorly-developed, randomly-executed or even ignored. The results of a poor succession plan are poor CEO and organisation performance, higher CEO turnover and organisation instability (Charan, 2005). By exploring the real-life "lived experiences" (Ponterotto, 2005) of CEOs, the effectiveness of the organisation's succession and transition plans and processes would be revealed as opposed to the theory set out in the literature. This would contribute to the body of knowledge by closing the gap between the theory and practice of CEO succession and transition processes in organisations.

Therefore, the purpose of this study is to explore the transition process from the lived experiences of existing and ex-CEOs to understand the needs and challenges that they have experienced in taking up CEO positions. This knowledge gained would then be linked to the benefits that executive coaching could play in the transition process. If coaching could shorten and improve the transition period to increase the success rate of the incoming CEO, this would also benefit the organisation, top management, employees, customers, suppliers and, most importantly, the shareholders.

In addition, the research study would be of benefit to incoming CEOs and outgoing CEOs, Boards of Directors and stakeholders in that it would explore the actual dynamics in the

succession and transition process within the organisation and in so doing determine the benefits of executive coaching as a means to facilitate the transition process between the outgoing CEO and the incoming CEO.

1.3 Delimitations of the study

The delimitations of this research proposal are:

i. Study was limited to a South African context, although international experiences add insights

ii. Respondents interviewed were only from Gauteng and hence the study is regionally-based

iii. Study only focuses on CEO transitions and not general management transitions owing to promotion

iv. For the secondary data analysis of CEO turnover of companies listed on the Johannesburg Stock Exchange, only the top 40 companies listed were used

v. Scope of CEOs interviewed was diversified and did not cover one specific industry

vi. Scope of the study covered both public and private organisations and the emphasis on CEO succession, selection and transition might have different implications

1.4 Definition of terms

Various terms used in the study are defined in Table 2.

Table 2: Definitions of terms used in the study

Term	Definition
CEO transition	Refers to the interval between two events, namely, the naming the "Heir Apparent" (called selection) and the passing the CEO title to that person (called validation) (Vancil, 1987).
Coaching	Helps or assists an executive to change through challenging his or her own potentials and to confront resistance. Coaching allows for on-going, continuous learning offering support, encouragement and feedback (Tobias, 1996). The objectives of coaching are to improve individual performance and personal satisfaction and thereby enhance organisation effectiveness (Day, 2001). Simply, it means to convey a person from one point to another (Carey, Philippon, & Cummings, 2011).
Coaching process	Facilitates the acquisition of new skills, perspectives, tools and knowledge through support, encouragement and feedback in the organisational context (Kombarakaran, Yang, Baker, & Fernandes, 2008).
Executive coaching	Refers to a one-on-one relationship between a coach and an executive to improve leadership effectiveness by enhancing self-awareness and learning and thereby enhancing behaviour change that leads to the success of the executive and the organisation. This, generally, is a short-term interactive process (Joo, 2005; Kombarakaran et al., 2008). The primary goal of executive coaching is for the organisation itself to be more successful (Kiel, Rimmer, Williams, & Doyle, 1996). Executive coaching facilitates performance enhancing behavioural change in the workplace (Passmore, 2007).

Term	Definition
Executive on-boarding	Refers to a structured process that focuses on actively integrating new executives or CEOs into the organisation during the first few months in the role (Cheloha & Kumaresan, 2011; Dai, De Meuse, & Gaeddert, 2011; O'Brien & Shunk, 2009). On-boarding processes are generally used as a guide to learning how an organisation functions, what it values, its corporate culture, employees and personalities (Dutton, 2010).
Insider	Refers to a past or current managers or employees of an organisation (Boeker & Goodstein, 1993)
Leadership coaching	Forms part of leadership development that is aimed at supporting leaders to achieve their potential and to realise their strengths, gifts and talents. Leadership coaching, therefore, provides inputs about a leader's strengths and weaknesses, identifies and implements strategies to achieve development goals and tracks the leader's progress (Weinstock, 2011).
Mentoring	Refers to the interpersonal relationship between a more experienced executive (the mentor) and a lesser experienced executive (the mentee), the purpose being to promote the professional and personal growth of the mentee (Mullen, 1994).
Organisation	Refers to a business, whether for profit or non-profit, that could be a privately-owned company, a listed company, a section 21 company, a sole trader or partnership.
Outsider	Refers to individuals who are not currently employed by the organisation (Kesner & Sebora, 1994) and are appointed to new CEO positions from other organisations (Shen & Cannella, 2002).

Term	Definition
Structured process	Process having some reliable structure and/or custom, thereby excluding from the definition the more *ad hoc* or "just in time" identification of successors (Garman & Glawe, 2004).
Succession planning	Means by which succession decisions are made (Friedman, 1986). Friedman (1986) goes on to underline four steps in succession planning, namely, (1) establishing the need for a succession event, (2) determining selection criteria, (3) selecting candidates and (4) choosing among candidates. A further definition is a structured process involving the identification and preparation of a potential successor to assume a new role (Garman & Glawe, 2004).
Succession system or *succession process*	Refers to the rules and procedures that form the context for a typical succession event including executive development and placement practices (Friedman, 1986).

1.5 Assumptions

The following assumptions have been made regarding the study:

i. In South Africa there is a strong Employment Equity and Affirmative Action transformation agenda that is driving CEO succession. In a recent CEO survey (Kana, 2013) in which interviews with 56 CEOs of publically- and privately-owned companies were conducted the results showed that 88% of the CEOs interviewed had active succession planning in place with identifying multiple successors. This research proposal was testing the validity of these findings based on a different sampling base.

ii. The incoming CEO, especially if the incoming CEO were an outsider, would find many challenges in the business that could be managed more appropriately if a systematic transition process were in place.

iii. The incoming CEO is seldom able to affect the organisation positively until after a defined period of time. This is usually because s/he needs to understand the challenges of the new organisation.

iv. The outgoing CEO does not have a further role to play in the organisation.

v. Coaching is not widely-used to facilitate the process of CEO transitions. It could be used effectively to bridge the transition process between the outgoing and incoming CEO.

Chapter 1 discussed the purpose and context of the research study, standard definitions used in the research study as well as the delimitations and assumptions associated with the research study.

Chapter 2 discusses the literature review of the CEO succession and transition processes, the challenges that the incoming CEO experiences in taking up the CEO position and executive coaching as a tool to facilitate in the CEO transition process.

2 LITERATURE REVIEW

Chapter 2 provides a literature review of the key themes and concepts relevant to this study. The literature review considers the CEO succession planning process and its component parts, namely, CEO selection criteria and the influences on the CEO selection process; who is mandated to make the decision regarding the appointment of the CEO; the CEO transition process between the outgoing CEO and the incoming CEO; the challenges that the incoming CEO faces; and executive coaching and leadership development processes that could be used in the transitional CEO stage.

2.1 CEO succession planning process

The failure of a CEO is a costly exercise for any organisation as the first impact that a failed CEO has is on the share value of the organisation. A failed CEO appointment can erode market capitalisation that has often taken years to create (Conger, Nadler, Strategy, & Governance, 2012). The failure of a CEO appointment is often blamed on the unsuccessful executive rather than on the succession process itself.

Grusky (1960) identifies that although an important aspect of succession is that it brings about instability and disruption to the organisation, this is the phenomenon required to bring about change within the organisation. Disruption arises as a result of changes in policies and procedures, relationships and norms brought about by the incoming CEO which could either have functional or dysfunctional outcomes for the organisation. Following from this, selecting the right CEO has many organisational benefits including improved competitiveness and effectiveness.

Most succession planning processes within organisations are replacement-orientated in that they are focused on identifying successors for a particular job or position and are not focused on the future leadership needs of the organisation (Barnett & Davis, 2008). In most cases, the succession of the CEO follows two events, when the CEO's departure is ad hoc by way of dismissal, sudden resignation, ill-health or untimely death; or routine where the CEO's tenure has come to an end (Bosch, 2014).

Best practice in succession planning is on the basis that multiple successors would be identified for key positions within the organisation, of which the CEO position is one (Barnett & Davis, 2008). This would alleviate the necessity to find, select and appoint a

new CEO on short notice following the surprise resignation of the existing CEO. This was found to be the case in Imperial Holdings Limited in September 2013, where the CEO resigned suddenly citing “taking time to spend with his family” as the reason for his resignation (Bhuckory, 2013). A replacement outsider CEO was appointed in February 2014 ("Mark Lamberti is Imperial's new CEO," 2014).

Failing to select the right CEO impacts the overall profitability and market value of the organisation (Stoddard & Wyckoff, 2009 in Bosch, 2014). Therefore planning CEO succession is important to achieve an organisation’s strategic objectives. Planned succession also aids the retention and transfer of knowledge through the shifting of the organisation’s competitive advantage to employee know-how (Barnett & Davis, 2008).

Garman and Glawe (2004, p. 122) found that with regard to succession planning “*its absence is more of a curse than its presence is a blessing”*. Barnett and Davis (2008) argue that there is definitely a return on investment when organisations focus on a succession-planning programme as it is a hedge against risk in the event that the CEO unexpectedly passes away. Over and above disaster planning, succession planning is viewed as favourable by external shareholders where the organisation is performing well.

In spite of the research undertaken regarding the positive impact of succession planning, it was found that only between 40% to 65% of organisations have formal CEO succession planning processes in place (Garman & Glawe, 2004). There is also scant literature in the South African context researching succession planning in organisations. There are, however, many organisational dynamics impacting CEO succession planning including the role of Boards of Directors in succession planning, the outgoing CEO relinquishing his position, the impact of CEO turnover of the share value of the organisation, the talent pool within the organisation and the length of tenure of the outgoing CEO.

2.1.1 Board of Directors roles in succession planning

The Board of Directors of an organisation is responsible for succession planning in terms of SOX and King III (Dalton & Dalton, 2007b; Engelbrecht, 2009). The succession planning process and the development of a plan for what would happen in the event of something happening to the CEO is one of the most essential roles that a Board needs to play (Lorsch & Khurana, 1999) and accounts for 80% of the value that a Board will deliver (Charan, 2005). In order to reverse the trend of CEO failures, CEO succession should be the Board’s primary responsibility as it has the most impact on the organisation’s overall performance. The main reason why most CEOs fail is due to poor CEO succession execution (Charan & Colvin, 1999, 21 June), which is ultimately the Board’s responsibility.

In order to achieve a successful succession planning system Barnett and Davis (2008) recommend that the Board of Directors specify the key business issues that they believe the organisation would face in the future and to link these to the organisation's strategy. Following from this, the type of leader, leadership style and key roles would need to be defined for the organisation to compete, deliver on the strategy and succeed in the future. This links into the succession model proposed by Friedman (1986).

2.1.2 Outgoing CEOs relinquishing of positions for succession planning to occur

The personal side of CEO succession cannot be ignored. This is where the outgoing CEO does not want to relinquish power to the incoming CEO for fear of losing his/her position in the organisation. Once a new CEO is identified, the outgoing CEO often loses the support of the executives in the organisation and with that the status quo in the organisation changes. The outgoing CEO is also concerned that the legacy created might be lost with the appointment of a new CEO (De Vries, 1987).

By understanding the power of the position of the CEO, it is easy to understand why the outgoing CEO finds it difficult to make decisions with regard to succession planning and identifying a CEO successor (Dai et al., 2011). Having this power position in an organisation could be detrimental to the outgoing CEO, the incoming CEO and the organisation itself (Pfeffer, 1992). In this situation, the incoming CEO enters the organisation without fully understanding the political struggle forces that operate within the organisation and this could impact the performance of both the incoming CEO and the organisation itself (De Vries, 1987; Friedman & Olk, 1995; Pfeffer, 1992). For Cohn, Khurana, and Reeves (2005, p. 3), this struggle is summed up by the statement made by an outgoing CEO during an interview, namely:

> *Planning your exit is like scheduling your own funeral; it evokes fears and emotions long hidden under layers of defence mechanisms and imperceptible habits.*

The modus operandi of the CEO should be to look for challenges to overcome, not to step down and find a replacement (Cohn et al., 2005). However, outgoing CEOs also need to embrace succession planning to achieve their own legacies and the financial success of the organisations they leave behind (Kets de Vries, 1987). It is not known as to what extent this situation might be improved if the CEO had formal and explicit support in the form of executive coaching to aid the relinquishing of the position and the ability to step aside and create a path for the incoming CEO.

2.1.3 Impact of succession planning on the share value of the organisation

The impact of CEO succession announcements were researched by Beatty and Zajac (1987) and Graffin, Carpenter, and Boivie (2011) who tracked the impact of the organisations share price following the announcement of a new CEO. Included in their research was the "strategic noise" that organisations make by announcing the change of a CEO simultaneously with information about other significant events to mask the effect of the CEO appointment on the share price, whether positive or negative.

In publically-listed companies the resignation of the existing CEO and the appointment of the incoming CEO often impacts on the organisation's share price. For example, when Imperial Holdings CEO, Hurbut Brody announced his surprise resignation in September 2013 the share price fell from R220.00 to R160.15. With the announcement of the incoming CEO, Mark Lamberti, in February 2014, there was also no substantial movement in the share price.

Another example was the sudden resignation of PPC Limited's CEO, Ketso Gordhan in September 2014. This resignation resulted in the share price plummeting from R34.50 to R25.00, a drop of 30% (Marrs, 2014). On the announcement of the new CEO, PPC's share price briefly increased, but closed at R24.32. The poor share performance following the announcement was due to the market viewing PPC's strategy as Gordhan's strategy and nervousness regarding the new CEO's ability to implement this strategy (Cokayne, 2014).

Therefore, the external impact of a change in leader in the organisation needs to be considered. In most cases, the stock prices react negatively towards an announcement of a change in the CEO of an organisation (Beatty & Zajac, 1987).

It is as result of this reaction that generally public announcements are silent regarding the reason for the change in CEO rather than planning and announcing a smooth and orderly transition event. CEO succession announcements send a message to the investment community for their interpretation and analysis which ultimately impacts the organisation's share price positively or negatively. The corporate secrecy surrounding the new CEO announcement has external and strategic implications that need to be considered. The Board of Directors, therefore, need to take into account shareholder value in their selecting and announcement strategies (Beatty & Zajac, 1987; Rappaport, 1981).

It was found by Zajac (1990) that organisations who had a specifically-designated CEO successor tended to be more profitable than organisations that who did not have a

specifically-designated CEO successor. Organisations that linked CEO compensation to organisational performance also tended to be more profitable.

2.1.4 Succession planning through growing future leaders within organisations

Dalton and Dalton (2007a) argue that the Board of Directors has a challenge in succession planning as grooming young executives for greater responsibilities might lead to them leaving the organisation to find better positions elsewhere. Young executives might not want to wait the period required to reach a leadership position in an organisation. This is the greatest risk in succession planning programmes as the organisation is potentially creating viable candidates as CEOs for other organisations.

The contrary view is that the Board of Directors should actively look inside the organisation for its future leaders (Bower, 2007; Lorsch & Khurana, 1999). Growing executives from the inside to lead the organisation through good times and bad creates long-term shareholder value. This view is supported by Lorsch and Khurana (1999) who state that a specific successor should be identified but having multiple potential successors in a destructive horse race could be detrimental to the organisation.

However, when the Board of Directors looks inside an organisation for a likely CEO successor, they may find that there are candidates that might be good managers but they lack stature, strategic thinking and the vision to lead (Bower, 2007). This could only be reversed if there is a commitment from the organisation to grow its executive base from the inside. Growing executive talent within the organisation is the best way to prevent the destruction of long-term shareholder value (Bower, 2007).

2.1.5 CEO tenures' link to organisation performance and succession planning

Continuity of leadership is a fundamental requirement for the success in any organisation (Carey et al., 2011). In 1987, Vancil (1987) found that the average CEO tenure was 14 years. However, in 2006, a study undertaken by Chartered Accountants of Canada (Beaudin & Stephenson, 2008) found that the average North American CEO tenure is 10 years whilst in Canada the average CEO tenure is five years. A study conducted in 2010 found that executive tenure had dropped to two and half years (Dutton, 2010). In South Africa, a recent CEO survey (Kana, 2013) found that 51% of CEOs have been in the organisation for five years or less. This implies that organisations need to emphasise CEO succession plans long before the exit date of the incumbent (Bower, 2007).

The trend for shorter CEO tenure is confirmed by Bower who found that “CEO turnover is on the rise globally” (2007, p. 92). He argues that the high level of CEO turnover is partly related to poor performance in highly-competitive markets and demanding market expectations pursuing greater shareholder returns (Bower, 2007). This amounts to a CEO chasing short-term returns rather than pursuing a long-term profitability strategy for the organisation (Dalton & Dalton, 2007b).

Hambrick and Fukutomi (1991) set out the stages of a CEO’s tenure in an organisation. These specific stages influence the CEO’s behaviour and performance in the organisation over the tenure period and ultimately times when the CEO’s effectiveness within the organisation would diminish signalling the time for the CEO’s departure. They found that CEOs are most open-minded about how the organisation should be run in the early stages of their tenure and become more close-minded about strategy, structure and their operating style as their tenures continues. The positive effects of a CEO’s continuing tenure, such as organisational stability, are outweighed by the negative effects as job mastery gives way to boredom and strategising to habituation. This is the stage where the CEO should relinquish his/her position and the CEO transition should take place.

This view is supported by Boeker (1997) who found that long CEO tenure had a significantly negative effect on the organisation’s strategic change. It was also found that top management who had been employed by the organisation for a long time might no longer have the drive to implement organisational change or challenge the existing status quo in the organisation (Boeker, 1997). Succession, even though it could be disruptive to the organisation, had the benefits of preventing the organisation from stagnating and could improve organisational morale through orchestrated change (Grusky, 1960).

2.1.6 Succession planning models

Friedman (1986) devised a CEO succession planning model based on four stages of decision-making that is impacted by succession system characteristics, contextual conditions and organisational level outcomes. Figure 2 illustrates the succession-planning process model which outlines the four stages of decisions about (1) establishing the need for a succession event; (2) determining selection criteria; (3) selecting candidates; and (4) choosing among the candidates.

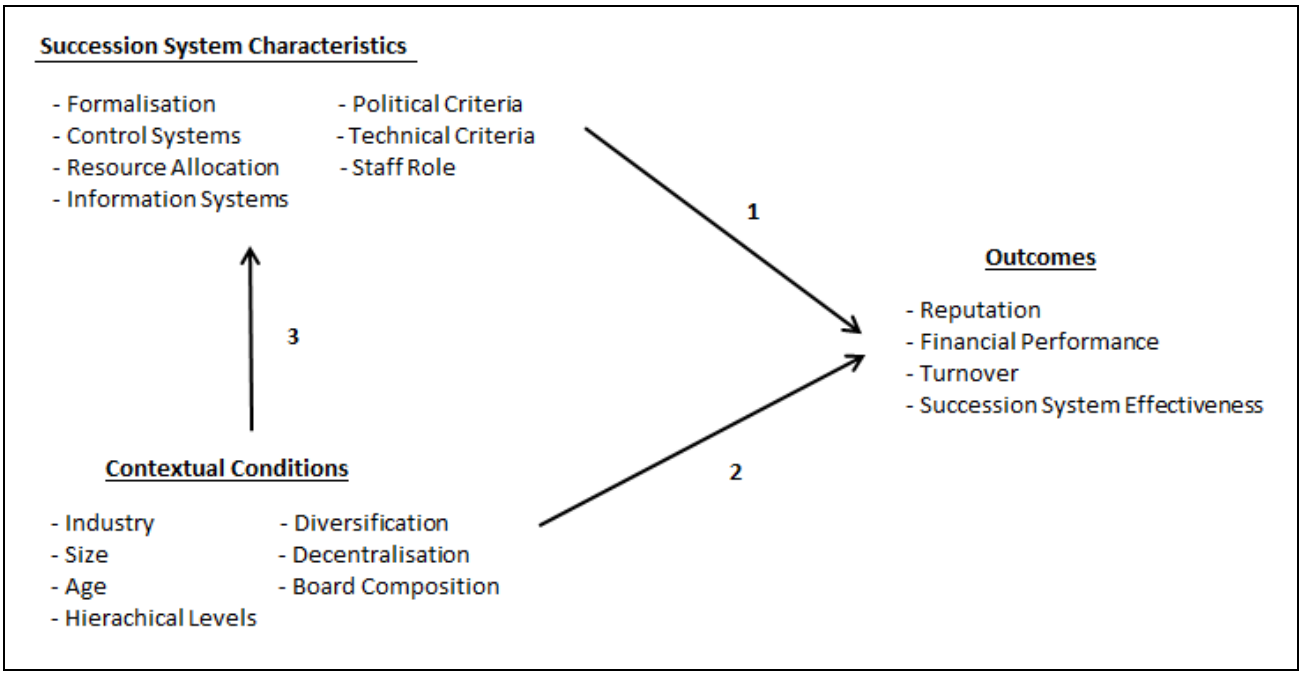


Figure 2: Succession Process Model
(Friedman, 1986, p. 194)

From Figure 2 it is evident that there are a number of considerations that need to be factored into a succession process to ensure that the desired outcome of financial performance, improved turnover, reduced reputation risk and an effective succession system is achieved.

Friedman (1986) sets out seven organisational conditions that impact on CEO selection. These conditions include the industry within which the organisation operates, the size of the organisation, how long the organisation has been in existence, the hierarchical levels in the organisation, Board composition, whether the organisation wishes to diversify its product offering or core business and whether or not the organisation wishes to decentralise its operations. What is interesting about this succession planning model is that it links into the CEO selection process and could be used by the Board of Directors in the selection criteria for the appointment of a new CEO.

Garman and Glawe (2004) also developed a top-level succession planning model which is illustrated in Table 3. It provides four key areas of concern when selecting a CEO candidate; namely, process, selection, development and transition.

Table 3: Top-Level Succession Planning

Topic	Recommendations
Process	• Process should be Board driven but shared responsibility with the CEO • Process should be ongoing (not event driven) • Maintain a level of open communication regarding the selection process
Selection	• Identify a specific CEO successor, the "Heir Apparent", but always make sure that potential successors are continually being identified
Development	• Create clear development plans and succession guidelines that are clearly communicated within the organisation
Transition	• Ensure that the transition from the outgoing CEO to the incoming CEO is smooth by creating a clear exit strategy for the outgoing CEO • Conducting post-succession assessment on the new incoming CEO to identify potential problems as soon as possible

(Adapted from (Garman & Glawe, 2004))

Table 3 illustrates a process to be followed from CEO succession to transition and makes recommendations of matters that should be addressed during each process. The CEO succession process recommended by Garman and Glawe (2004) shows involvement with the existing CEO throughout the process.

2.1.7 Summary and Research Question 1

CEO succession planning is the most important function that a Board of Directors would need to carry out in the life of the organisation. CEO succession creates the impetus that an organisation might need for change in the vision, strategy and overall performance of the organisation. The timing of succession is important both in terms of the outgoing CEO's tenure and ability to relinquish the position as well as preserving the overall market-value of the organisation for its shareholders. With the decline in CEO tenure, the emphasis on succession planning should be greater and a continual process within the organisation rather than episodic with the untimely departure of the existing CEO. Succession planning needs to incorporate both the development of the internal talent pool and the continual scouting for outsider executives for the succession event.

Although succession planning models have been provided in theory, the practice of a formal succession planning process was not found in the literature. The theory around succession planning governs best practice and provides reasons as to why succession

planning should exist in organisations, but, in spite of this need, the vast majority of organisations do not have formal succession plans in place.

Research Question 1: How does succession planning exist in organisations?

2.2 CEO selection process

Kesner and Sebora (1994) and Giambatista et al. (2005) have provided a consolidated collation of literature reviewing CEO succession planning and CEO selection reasons from 1961 to 2005 and the impact that an incoming CEO has on an organisation. The review of their summaries provides predictability of whether an insider or outsider CEO would be appointed based on the tenure of the outgoing CEO, profitability of the organisation, strategic future direction of the organisation, whether the outgoing CEO was a Founder or not or the composition of the Board of Directors.

2.2.1 Insider versus outsider CEO selection

The benefits of insider versus outsider CEO appointments have been researched extensively to determine the organisational circumstances in which one or the other might be appointed (Dalton & Kesner, 1985; Friedman & Olk, 1995; Khurana, 2001; Ocasio, 1999; Zajac, 1990).

The first circumstance that influences the appointment of an insider or outsider CEO is the calibre of potential candidates within an organisation versus the pool of talent within the market in which the organisation operates (Khurana, 2001; Ocasio, 1999). This is as a result of there being very few candidates who are capable of running large, complex organisations (Khurana, 2001). Insider CEO selection follows a more formal executive succession process through promotions from within, formal job titles and career ladders and is more likely following the retirement of the existing CEO (Ocasio, 1999).

The second circumstance that influences the appointment of an insider or outsider CEO is the proportion of outsider directors on the Board and whether the existing CEO was an insider or outsider appointment. Ocasio (1999) found that the prevalence of outsider directors on the Board increased the probability of an outsider CEO appointment owing to the increased access to the pool of talent outside the organisation. The same was true for an outsider CEO increasing the probability of future outsider CEO appointments.

The concern raised on the appointment of an outsider CEO was that it could cause internal executives to leave the organisation and with that comes the loss of their

understanding of the organisation's history, knowledge and any problems that the organisation might be experiencing (Khurana, 2001; Shen & Cannella, 2002). However, it is accepted that a succession event brings about a power contest amongst potential candidates within the organisation, regardless of whether an insider or outsider CEO is ultimately appointed.

The third circumstance that influences the selection of an insider versus outsider CEO appointment is the current organisational performance. Boyer and Ortiz-Molina (2008), Dalton and Kesner (1985) and Friedman (1986) found that in most instances, the appointment of an insider CEO is a maintenance strategy whereas the appointment of an outsider CEO is associated with strategic organisational change and in response to falling profitability of the organisation. Therefore, good organisational performance leads to good relay succession and this was often only achievable through an insider CEO appointment (Zhang & Rajagopalan, 2003)

Other circumstances that influence the selection of an insider versus outsider CEO appointment includes the outgoing CEO's tenure and the subsequent performance of the organisation (Shen & Cannella, 2002) as well as the age and size of the organisation (Guthrie & Datta, 1997). It was found that long-term CEO tenures where linked to maintain the status quo within the organisation and led to the appointment of an insider CEO (Shen & Cannella, 2002). Guthrie and Datta (1997) found that larger organisations are more likely to choose an outsider CEO with industry knowledge and experience.

An example of these influencing circumstances can be found in the CEO turnover of Pick 'n Pay Limited. On the resignation of CEO Sean Summers in 2006 following an 11 year tenure, insider CEO, Nick Badminton, who had been with the organisation for 27 years, was appointed ("Pick 'n Pay names new CEO," 2006). This insider CEO appointment example signals a maintenance strategy by Pick 'n Pay (Boyer & Ortiz-Molina, 2008; Friedman, 1986). However, CEO Nick Badminton tendered his resignation five years later citing *"time to take a sabbatical and spend quality time with my family"* (Vallie, 2012). An outsider CEO, Richard Brasher, was appointed eight months later in a press release announcing that "*The appointment of a new CEO is expected to help Pick 'n Pay overcome the criticism of its lacklustre performance and the decline in market share over the past few years"* (Moorad, 2012) signalling the need for a change in the strategy of the organisation (Boyer & Ortiz-Molina, 2008; Dalton & Kesner, 1985; Friedman, 1986). Richard Brasher was Tesco's former CEO of UK operations reflecting the appointment of an outsider CEO who had both industry knowledge and experience (Guthrie & Datta, 1997).

However, it was contended that the departure of the CEO created the opportunity for disruption and change in the organisation, which that could only be orchestrated through the appointment of an outsider CEO or from an outside contender within the organisation, commonly known as a dark horse appointment (Friedman & Olk, 1995).

Alternatively, Bower (2007) suggests that the best leaders are inside the organisation who have been able to distance themselves from the traditions and ideologies of the organisation and thereby retain the objectivity of an outsider.

There is a fine line when looking at appointing an insider or an outsider CEO. For example, an outsider CEO could exert greater influence on the organisation because he/she are not encumbered with existing relationships whereas an insider CEO could influence the organisation because of the existing relationships (Zajac, 1990). However, regardless of whether the CEO appointment is an insider or outsider appointment, there would be a loss of talent within the organisation (Khurana, 2001).

2.2.2 Board of Directors' role in CEO selection and appointment process

Corporate governance dictates that the Board of Directors is tasked with the appointment and dismissal of the CEO in terms of SOX and King III (Dalton & Dalton, 2007b; Engelbrecht, 2009; Fredrickson et al., 1988). Following from this, Boards need to ensure that the selection process is conducted fairly and should be a joint process between the Board of Directors and the outgoing CEO. This then becomes a shared responsibility rather than the actual selection being left up to the outgoing CEO (Lorsch & Khurana, 1999).

To ensure the success of a CEO candidate, it is important for the Board of Directors to have direct and regular contact with potential candidates both on a formal and informal basis. This enables the Board of Directors to assess how potential candidates relate to their peers and colleagues, to levels of authority as well as to the Board (Lorsch & Khurana, 1999). To assess potential CEO candidates, the selection process should take place over a four year period, where the potential candidate pool within the organisation could be assessed as well as grown and brought in from outside the organisation should the existing talent pool be insufficient. However, the Board of Directors holds the view that there should be more than one option when deciding on a future CEO candidate (Lorsch & Khurana, 1999).

The qualities that the Board looks for in a CEO candidate include that he or she has a strategic vision for the organisation, is able to represent the organisation to its various

stakeholders, can adapt from a manager to a leader and with that comes the ability to cope with power. As the CEO position is one where there is very little encouragement from others, it can be an isolated position where lonely decisions need to be made (Lorsch & Khurana, 1999). As a result, a potential CEO candidate needs to be able to make this transition from manager to leader. In addition, a good team is often needed to support the new CEO but a great team does not necessarily make a great CEO (Lorsch & Khurana, 1999).

2.2.3 Shareholder roles in CEO selection process

As the number of shareholders in an organisation grows, they become increasingly removed from policy-making decisions, including influence over the selection of the CEO successor. Without pressure from shareholders, the Board of Directors become accountable only to themselves (Mizruchi, 1983). In the event of poor performance, the shareholders are more likely to put pressure on the Board of Directors to make changes, including replacing the existing CEO (Boeker & Goodstein, 1993). However, power that is derived from organisational ownership could be used to influence the selection of a new CEO.

From a South African context, the influence of the shareholders over the appointment of the incoming CEO might hold greater relevance owing to the Government Policy of Affirmative Action and Employment Equity (Republic of South "Employment Equity Act, No 55," 1998) which regulates Black Economic Empowerment and the employment of Blacks. Further to this, the Public Investment Corporation, the fund manager of the South African Government Pension Fund, is a substantial shareholder in many South African public companies who often influences the appointment of the incoming CEO to be in accordance with employment equity.

2.2.4 Outgoing CEO role in CEO selection process

Literature sets the precedent of the existing CEO playing an important role in identifying potential CEO candidates and even in having a say in the appointment of the incoming CEO (Khurana, 2001; Lorsch & Khurana, 1999). The benefit of this is that the outgoing CEO feels less threatened by the process and is able to lay the groundwork for convincing the Board of the likely candidate.

Friedman and Olk (1995) describe the circumstances that will lead to the outgoing CEO having an influence in the selection and appointment of the incoming CEO as set out in Table 4.

Table 4: Outgoing CEO influence on the selection process

Outgoing CEO circumstances	Degree of influence on incoming CEO selection
Strong profitability and growth	Very high
Long succession and selection time frame	Very high
Short succession and selection time frame	None

Table 4 illustrates that the outgoing CEO has the strongest influence on the selection of the incoming CEO where under his tenure the organisation has shown good growth and profitability and the succession plan has been implemented over a long period of time. If the succession period was short with a limited time frame for the selection of the incoming CEO, the outgoing CEO would have no influence on the selection of the incoming CEO.

Should the outgoing CEO have influence in the selection of the incoming CEO, the outgoing CEO would have a greater impact on the incoming CEO through sharing information and this, in turn, would have a positive impact on the organisation. However, the converse is also true. Where the outgoing CEO has no influence in the selection of the incoming CEO, secrecy would prevail as there would be no sharing of information. This lack of information sharing could have a negative impact on the organisation (Friedman & Olk, 1995). Table 5 provides a summary of these findings.

Table 5: Outgoing CEO's influence and impact on the selection process

Degree of influence incoming CEO selection	Impact on incoming CEO	Impact on organisation
Outgoing CEO has influence	Sharing of information	Outgoing CEO would share information about potential candidates with decision makers
Outgoing CEO has no influence	Secrecy prevails as there is no sharing of information	This could lead to conflict and disruption in the organisation

As a result, in structured succession process, it is found that the outgoing CEO would have influence and that information would be shared and agreed with by the decision makers regarding the selection of potential candidates (Friedman & Olk, 1995).

In addition, the role of the outgoing CEO in the selection and appoint process might also be as a consultant in spotting and grooming talent, defining the job's requirements, providing accurate information about internal and external candidates and facilitating discussions between the potential candidates and the Board of Directors (Charan, 2005). De Vries (1987) advises that the responsibility of choosing the incoming CEO should be shared between the outgoing CEO and the Board of Directors to prevent either party from the sabotaging the selection process and choosing badly.

2.2.5 Summary and Research Question 2

The overall responsibility for selecting and appointing the CEO vests with the Board of Directors. However, the shareholders and the outgoing CEO might influence the decision in certain circumstances. There are also a number of factors that impact the selection and appointment of the CEO such as the tenure of the outgoing CEO, the future strategy of the organisation and the performance of the organisation.

There are advantages and disadvantages in the appointment of an insider or an outsider CEO that the Board of Directors needs to consider when making their selection. However, the appointment of the selected CEO might not guarantee organisational success and improve profit performance that the Board of Directors might be seeking.

What is important from a Board's perspective is that the incoming CEO must be able to represent the organisation to stakeholders and be able to make the transition from manager to leader. However, the selecting and appointment of the CEO, whether an insider or outsider appointment, might cause a loss of talent within the organisation in that the unsuccessful candidate(s) might leave and with that, there might be a loss or organisational knowledge.

Therefore, the selecting of a new CEO is a complex dynamic and exposes the organisation to risk in that a failed CEO appointment could be costly to the organisation.

Research Question 2: How does the CEO selection and appointment process take place?

2.3 CEO transition process

Vancil (1987) describes CEO transition as the last stage in the CEO succession process. This is the period where the future CEO or "Heir Apparent" is advised of his/her promotion but before there is the formal announcement and hand over of the CEO title. This is the

stage where there is duality in roles and where the outgoing CEO starts to relinquish responsibilities to his/her successor. In this way, there is a gradual shift in responsibility from the outgoing CEO to the incoming CEO over the transition period.

In his book *"Passing the Baton",* Vancil (1987) describes a transition period as the time where the incoming CEO has the opportunity to develop his/her leadership style and to change the organisation structure through the appointment and promotion of the executive team and management teams that would ultimately implement the strategic changes and vision of the organisation under his/her leadership. Relationships are developed as the outgoing CEO hands over key relationships and there is a lot more interaction with the Board of Directors. The outgoing CEO also starts to ease himself/herself out of making key and sole decisions. The transition period allows for the grooming of the incoming CEO and provides the opportunity for the incoming CEO to prove to the Board of Directors and the outgoing CEO that he/she is deserving of the position and the title. It is the time where the outgoing CEO needs to mentor and advise the incoming CEO and to increase the scope of the incoming CEO's responsibilities. The outgoing CEO has to report to the Board of Directors on the competency of the incoming CEO and the timing of the final hand over of responsibilities and title (Vancil, 1987). The transition period is also the time that the Board of Directors has the power to shape the future of the organisation with the assistance of the incoming CEO (De Vries, 1987).

Kakabadse and Kakabadse (2001) maintain that the average learning curve for executives is thirty months and the transition process should be for this duration. The transition process for the executive should include finding out what is core to the organisation, the values and culture of the organisation, whether the executive role is one of partnering or controlling, what the shareholders' reach is and the Chairman's influence so that the top team dynamics and personalities can be understood. In this time frame, the new CEO's vision for the organisation has to be accepted by the top management team if the CEO is to be effective.

A new term that has developed over the past decade is that of executive on-boarding (O'Brien & Shunk, 2009). Executive on-boarding includes the socialising of the executive into the organisation through building relationships with the Board of Directors and the senior executive team (Cheloha & Kumaresan, 2011), This process improves the turn-around performance and the value contribution of the executive (O'Brien & Shunk, 2009). Executive on-boarding also orientates the executive to the history, culture, people, language, organisational politics as well as the organisation's visions and values (Dai & De Meuse, 2007).

The transition period could be anywhere from three months to three years (Vancil, 1987) depending on the circumstances surrounding the departure of the outgoing CEO. In terms of on-boarding processes, most literature estimates that a full on-boarding program should last up to twelve months (Dai et al., 2011; Dutton, 2010). The objective outcomes of a transition period or on-boarding program is to avoid derailment, maintain retention, increase acceleration and achieve optimisation as quickly as possible following the appointment (Dai et al., 2011).

On the basis of the shortened tenure of CEOs (Charan, 2005; Fredrickson et al., 1988) and the high failure rate of newly-appointed CEOs (Dalton & Dalton, 2007b; Redman, 2006), it would appear that the transition process has not been effectively implemented in organisations.

2.3.1 Executive coaching in transition process

Vancil (1987) and Kakabadse and Kakabadse (2001) explore the theory of the transition process and identify a number of aspects that need to take place during the transition period. Over and above these expectations, the Board of Directors expects the CEO to make the organisation more profitable and more attractive to shareholders (Saporito, 1996). With this responsibility comes the challenge of building an organisation, motivating people to perform consistently and to change the corporate culture (Saporito, 1996).

As the transition process is considered to be important for the future success of the incoming CEO (Vancil, 1987) and to prevent the incoming CEO from derailing (Dai et al., 2011), there is a great deal of change that the incoming CEO needs to undergo in terms of the transition process. As a result, it is important to explore the role that executive coaching could play in the CEO transition process.

There are a numbers of roles that executive coaching and mentors could play with the CEO. For example, these roles could include how to engage a team effectively to achieve their success; how to establish better and wider networks inside and outside the organisation; to provide the resources to reflect on issues such as identity, personal values and goals; to support succession planning, to improve individual and organisational performance and to retain executive talent (Clutterbuck, 2005; McNally & Lukens, 2006). Executive coaching can also help incoming CEOs to understand their new role with its implicit style, rules and expectations (Kombarakaran et al., 2008).

Executive coaching has been explored in a transition process by Hartel, Bozer, and Levin (2009) in the context of family business transitions. In terms of using a coaching model in

the transition process, Joo (2005) developed a conceptual framework for executive coaching to be used as a transition coaching model as illustrated in Figure 3.

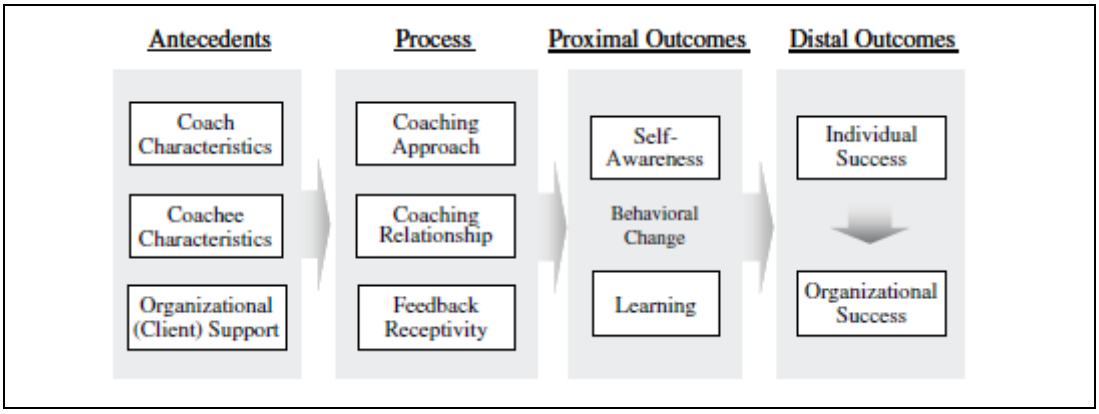


Figure 3: Conceptual framework for successful executive coaching (Joo, 2005, p. 476)

Figure 3 illustrates the coaching model developed by Joo (2005). The coaching model is based on the outcomes to three questions. The first question being, what are the antecedents of positive outcomes in executive coaching? The second question being, what is the process through which executive coaching leads to positive outcomes? The final question being, what outcomes might executive coaching achieve? The conceptual framework developed by Joo (2005) was derived from a review of the literature on mentoring, career success, 360° feedback, and training and development. The antecedents are the triangulation between the coach, coachee and the organisation (client). The process takes into account the coaching approach, the coaching relationship and coaching feedback and the coachee's receptivity to the feedback. The outcomes can be defined as individual (CEO) outcomes such as self-awareness or learning where the evidence should be a change in behaviour which should lead to organisational success outcomes such as improved productivity, quality, customer service, increased shareholder value, increased commitment and employee satisfaction that results in enhanced staff retention.

Table 6 sets out the summary of outcomes from the three questions asked in the coaching model.

Table 6: Coaching outcomes

Question	Outcomes
What are the antecedents of positive outcomes in executive coaching?	The triangulation between the coach, coachee and the organisation (client).
What is the process through which executive coaching leads to positive outcomes?	The process takes into account the coaching approach, the coaching relationship and coaching feedback and the coachee's receptivity to the feedback.
What outcomes might executive coaching achieve?	The outcomes can be defined as individual (CEO) outcomes: • self-awareness or learning where the evidence should be • a change in behaviour which should lead to • organisational success outcomes such as improved productivity, quality, customer service, increased shareholder value, increased commitment and employee satisfaction that results in enhanced staff retention.

(Adapted from Joo (2005))

Whilst, Hartel et al. (2009) discuss the benefits of executive coaching in family-owned business transitions, many of the challenges faced in a family business transition are similar to the challenges that an incoming CEO faces in non-family owned organisations. These include the Founder not wanting to relinquish his/her CEO position and change in culture in the organisation through a change in generation of the incoming CEO which leads to disruption within the organisation.

To achieve insider-outsider CEOs as suggested by Bower (2007) insider leaders need to be groomed such that they retain their view of the organisation as an outsider. However, very few organisations have in-house executive education programmes that are designed to impart the skills and know-how that a CEO needs (Charan, 2005).

2.3.2 Summary and Research Question 3 and 4

The literature review in this section describes the processes and advantages of a planned transition process taking place between the outgoing CEO and the incoming CEO. This was on the basis that the designated CEO had been announced and that the outgoing

CEO would have a sufficiently long hand over period with the designated CEO. Included in the literature review was the concept of executive on-boarding that could be used to orientate the incoming CEO into the organisation so that the organisation's history, culture, process and procedures could be relayed to the new executive. Studies support that both a planned transition process and on-boarding programme could prevent executive derailment and failure and assist in the incoming CEO making a faster contribution to the organisation. Responsibility for the transition process was placed at both the outgoing CEO and the Board of Directors, especially the Chairman, to adequately brief and acquaint the incoming CEO with all the organisation challenges and to provide a clear mandate to the incoming CEO of the Board's requirements, expectations and time-frames to achieve improved organisational performance.

The literature review only provided processes with regard to the transition process and did not document the incoming or outgoing CEO's lived experience of the transition process. Added to this, the transition process between the incoming CEO and the outgoing CEO might not be sufficiently adequate for the incoming CEO to be aware of all the challenges that the organisation is experiencing.

Research question 3: What transition process is in place for the incoming CEO, who is involved in the process and how long is the transition period?

Executive coaching also has a role to play in the transition process between the incoming CEO and the outgoing CEO especially in the initial stages of the hand-over of the organisation. The role that executive coaching could play in the transition process has also been highlighted by the literature reviewed.

Research question 4: What executive coaching models can be applied to the CEO transition process?

2.4 Incoming CEO Challenges

As the CEO is the custodian of the organisation's purpose, he or she is required to understand the business environment within which the organisation operates and to design and implement the mission and strategy of the organisation for its ultimate success (Bower, 2007). Therefore, the CEO is required to have a clear vision of what is required in order to implement and achieve the long-term strategy of the organisation.

Greiner et al. (2003) define the incoming CEO's success or failure based on the internal and external market conditions that the incoming CEO finds in entering the organisation. It

is argued that, based on these market conditions, the incoming CEO's chances of success or failure is almost predefined. Figure 4 illustrates the situations in which the CEO's interventions would respond positively or negatively with the environmental conditions.

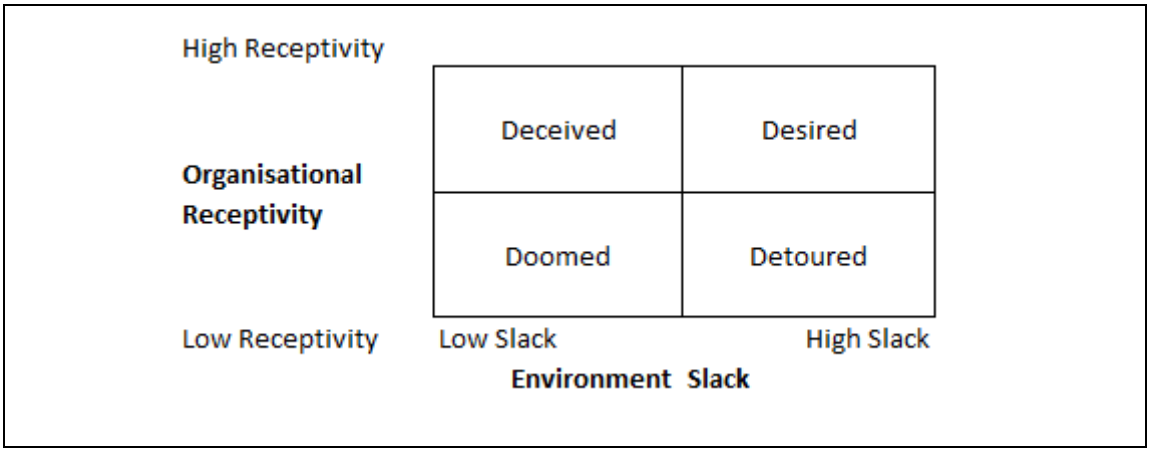


Figure 4: 4-D Scenarios
(Greiner et al., 2003, p. 12)

Figure 4 illustrates that CEO success could be found in organisations which are receptive to change and in which the market environment presents opportunities to be exploited. The exact opposite would lead to CEO failure. This is where the internal organisation is not receptive to change and there are no external market opportunities into which the organisation could grow. Varying degrees of success or failure could be found where the internal environment is receptive to change but the external market lacks opportunities or where the external market presents opportunities to explore but the internal environment is lacking or resistant to making changes to meet the market opportunities. These environment dynamics link into the post-succession performance of the incoming CEO (Ma et al., 2014) and organisation and influence the type of CEO successor to be considered in making the CEO selection (Greiner et al., 2003).

2.4.1 Internal organisational dynamics

The incidence of outsider CEO appointments has more than tripled over the last decade owing to the strong requirement for organisational change and increased profitability (Greiner et al., 2003). With this comes no honeymoon period as the incoming CEO is tasked with making immediate changes to improve profit performance of the organisation. However, the majority of newly-appointed CEOs rarely succeed in their efforts to improve the financial performance of the organisation.

Figure 5: Regardless of whether an incoming CEO is appointed from inside or outside the organisation there are a number of organisation dynamics that he/she would need to contend with (Boeker & Goodstein, 1991; Friedman, 1986; Guthrie & Datta, 1997; Ma et al., 2014). These organisational dynamics include power struggles amongst senior executives who might have been overlooked for the CEO position and outside directors who might not have approved the appointment. These dynamics could distract the incoming CEO and play a role in derailing the new strategies that the incoming CEO wishes to put in place in the organisation (Friedman & Olk, 1995; Pfeffer, 1992).

As a result, an incoming CEO steps into an existing organisation's performance history and its problems. These also determine the experiences and feelings that the incoming CEO has and would influence the strategic actions that he/she undertakes (Gordon, Stewart, Sweo, & Luker, 2000; Hambrick & Fukutomi, 1991).

2.4.2 Defining and implementing organisational strategic change

The CEO, together with the Board of Directors, is responsible for setting out the strategy of an organisation, therefore, a change in the CEO would bring about change in the organisation's strategy (Giambatista et al., 2005). The incoming CEO needs to define the organisation's strategy and to have that strategy accepted by the rest of the executive team (Kakabadse & Kakabadse, 2001) and the Board of Directors. Boeker (1997) found that an incoming CEO would take longer than one year to effect strategic changes in the organisation if he/she is able to overcome the inertia that may be present in the organisation owing to the long tenure of the outgoing CEO. Following from this, when CEO succession occurs there might be a change in the way in which the organisation operates and this has the potential to create disruption in the organisation.

Bower (2007) sets out four skills that an incoming CEO requires to be able to produce organisational performance. These are to set a vision for the organisation based on where the markets in which the organisation operates would be in the future; have the talent within the organisation that could implement this vision; understand the problems that the organisation is experiencing; and have a good understanding of how the organisation works administratively and to know who the key players are within the organisation. However, three of these four skills require insider knowledge.

2.4.3 Succession dynamics: the legacy of the outgoing CEO

The incoming CEO's performance is often impacted by the good or poor performance of the outgoing CEO, the failure of the outgoing CEO or the Board of Directors to adequately prepare the incoming CEO and the lack of experience of the incoming CEO (Conger et al., 2012). As a result, the Board of Directors should spend time with the outgoing CEO in a discussion regarding the strategic demands of the organisation and from this determine which potential candidates are most likely to meet the tasks of these challenges.

It might take some time for the incoming CEO to differentiate between the business logic driving the organisation and the personality of the outgoing CEO. The incoming CEO, therefore, needs to balance what is important to customers, other stakeholders and shareholder's expectations (Kakabadse & Kakabadse, 2001).

To overcome potential challenges facing an incoming CEO Conger et al. (2012) advise that potential CEO candidates should invest time in doing a due diligence investigation of the organisation and through this fully understand the challenges that the outgoing CEO is leaving behind. Part of the due diligence process should be interviewing the organisation's major clients and employees to understand fully the key challenges that the organisation is facing. Other information available to the potential candidates are press releases and market analysts' reports regarding the organisation. In performing a due diligence the potential CEO candidate would be able to evaluate their ability to make and implement the strategic changes that the organisation requires and minimise the potential for derailment (Conger et al., 2012).

2.4.4 Improved organisational performance

Shareholder expectations of organisational performance have changed where expected returns of 15% are now required (Bower, 2007). Added to this expectation is the requirement from shareholders to achieve market growth in shorter time frames owing to their holding period being much shorter. Shareholders in organisations have also changed from being long-term investors or owners to speculators looking for a short-term gain.

As a result, it might take newly-appointed CEOs a year or more to implement a turn-around strategy for the organisation because they may be unable to get to the root of performance issues within the organisation and gain clarity on the problems facing the organisation from the existing executive team (O'Brien & Shunk, 2009).

However, as organisations pursue continuous revenue growth, cost controls, revenue cycles and performance in highly-competitive environments, Boards and outgoing CEOs often do not have the luxury of a six month honeymoon period to help the incoming CEO become socialised into the organisation's culture or to become used to the organisation's work environment (O'Brien & Shunk, 2009).

Figure 5 illustrates the time span that it takes an executive to become productive and to add-value to the organisation (Dai et al., 2011). Based on this, an incoming CEO needs to add value to the organisation within 60 months. This is a far shorter period than the thirty months citied by Kakabadse and Kakabadse (2001). This reflects the real challenge that the incoming CEO has in terms of making an impact on the organisation.

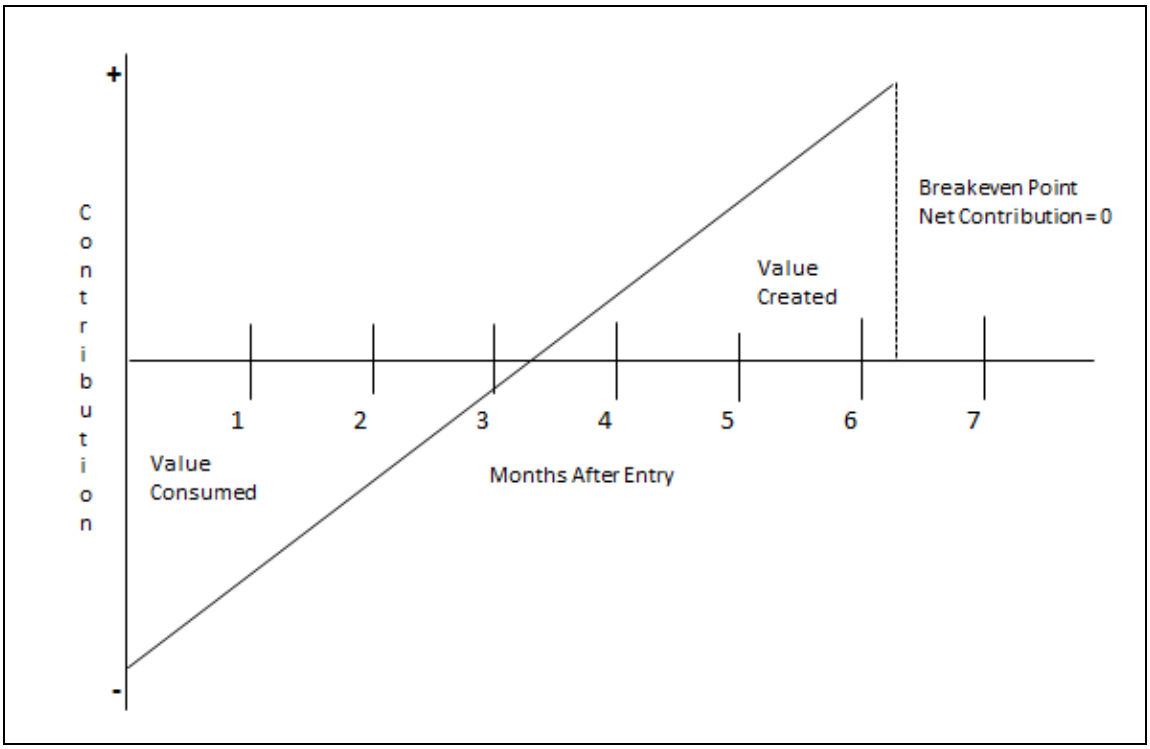


Figure 5: Newly-appointed CEO's breakeven point
(Dai et al., 2011, p. 167)

From Figure 5, it is evident that the first three months of a CEO appointment very little value is added to the organisation and that rather value is detracted from the organisation. It is only after six months following the appointment of the CEO that value is created by the CEO.

Usually, when the organisation's performance drops, the CEO is fired (Fredrickson et al., 1988). When an organisation faces declining earnings, Boards tend to replace the CEO, either by finding an outside CEO replacement or by promoting an employee deep within the organisation that is more likely to question the current *status quo* within the

organisation (Greiner et al., 2003). These incoming CEOs are often mandated by the Board to initiate strategic transformation initiatives. However, the majority of these new CEOs fail in the efforts to improve financial performance (Charan, 2005).

When a CEO fails after a brief tenure, the unsuccessful CEO might be blamed for his or her poor strategic choices, misguided actions or personality flaws (Conger et al., 2012). However, most CEO failures are a direct result of poor succession planning (Garman & Glawe, 2004), the poor integration process that is the outgoing CEO and Board responsibilities (Charan, 2005; Greiner et al., 2003; Khurana, 2001) and the lack of knowledge and understanding of the corporate culture within the organisation and the ability to work within it (Dutton, 2010).

All of this is contrary to what Grusky (1963) reported as the “vicious cycle” theory. Grusky (1963) suggested that frequent CEO successions were disruptive to organisations and resulted in lower organisation performance. In addition, succession as a response to poor performance did not change the downward cycle of performance of an organisation.

2.4.5 Relationship between the CEO and Chairman

The incoming CEO requires the most help and advice from the Board of Directors after the first few months of transition into the organisation where the incoming CEO is the most vulnerable (De Vries, 1987). It is often the Chairman that should act as the mentor to the newly-appointed CEO and provide him/her with guidance as to what is workable and what is better left for later (Kakabadse & Kakabadse, 2001).

The relationship between the CEO, the Chairman and the Board of Directors is important in terms of ensuring the overall success of the organisation. There has been a steady trend towards the separation of the role of Chairman and CEO with the United Kingdom (UK) having over 90% of organisations with a split role whilst the United States of America (USA) still has 90% of organisations having a shared role (Direction, 2006). In South Africa, the Johannesburg Stock Exchange requires listed companies to have split Chairman and CEO roles (Kakabadse, Kakabadse, & Barratt, 2006).

In organisations where the role is split, the role of the Chairman is to run the Board and the role of the CEO is to manage the organisation (Kakabadse et al., 2006). In terms of this, the Chairman needs to establish authority, rules and systems to ensure that the Board remains functional and professional. The relationship between the Chairman and the CEO has an impact on the individual Board members; as a good relationship would improve board performance and a bad relationship would negatively affect the board. This

is the reason why it is important that the relationship between the Chairman and the CEO is managed (Direction, 2006).

A good relationship requires good communication between the Board of Directors and the CEO. This often does not exist as the Board of Directors might fail to challenge the CEO or the CEO might not listen, take guidance or act on the position of the Board (Lorsch & Khurana, 1999). Although there is a need for distance between the Board and the CEO, this distance needs to be constructive and not divisive. In a good working relationship the Chairman and the CEO have the ability to interpret information and events in a mutually synergistic manner (Kakabadse et al., 2006). Kakabadse et al. (2006, p. 144) describe this relationship as:

> *The Chairman should have no particular attachment to the CEO or senior management. He should be truly independent, but at the same time he must share a chemistry with the CEO, otherwise it will be tense and even unworkable relationship. If they share affinity for each other based on trust, respect or desire to succeed or learn from each other, then they can create a magic in a special way. On the other hand, if their attractiveness is based on something else, such as complementary dysfunctionality, then you will have a classic Butch and Sundance combination (NED 3, Board 1).*

A balanced exchange of information with supportive Chairman and CEO relationships contributes to Board effectiveness and prevents Board dysfunctionality (Kakabadse et al., 2006). Often a challenge might arise for the incoming CEO where the Chairman acts as the CEO creating conflict with the newly-appointed CEO. In this situation, if left unresolved, one of the parties would often resign (Kakabadse & Kakabadse, 2001).

The powers vested in the CEO, the Board of Directors and shareholders were recently tested in South Africa following the voluntary resignation of PPC Limited's CEO, Ketso Gordhan, following a dispute with the Chairman. After his resignation, Ketso Gordhan lobbied the shareholders of PPC Limited in an attempt to oust the Board of Directors and to re-instate him as CEO. In the interim, the Board was tasked with the running of the business (Hedley, 2014a). The outcome of the power struggle between the CEO and the Chairman was resolved by the shareholders through a vote to reconstitute the Board, but not to reinstate Ketso Gordhan as CEO (Hedley, 2014b). This reflects that in the relationship between the Chairman, CEO and shareholders, the Chairman and Board of Directors would always be in the power position.

2.4.6 Outgoing CEO's future role in the organisation

In the USA and the UK, it is common in the case of a good exiting CEO to take up a Board position and to possibly be appointed as the Chairman of the organisation (Andres, Fernau, & Theissen, 2014; Kesner & Sebora, 1994; Vancil, 1987). This section explores the impact and challenge that the outgoing CEO, as a Director of the organisation, has on the incoming CEO. Reasons cited as to why the outgoing CEO should hold a Board position include the accumulated organisation and industry knowledge as well as core relationships established with customers, suppliers and key stakeholders. From this, it follows that the outgoing CEO would provide valuable advice to the Board and form a critical path for the incoming CEO's transition process (Andres et al., 2014). This is the case where the outgoing CEO could support their successor and holds great shareholder support for retaining a valuable resource.

The contrary view to this is that the outgoing CEO as a Board Director or Chairman might not be objective and be reluctant to revoke decisions, might oppose changes to strategy or organisational structure that he/she might have made during his/her tenure as CEO (Lorsch & Khurana, 1999; Quigley & Hambrick, 2012). All of these reasons, both in favour and against, pose a challenge for the incoming CEO in meeting his/her position responsibilities. Based on these issues, Germany has introduced a law whereby there has to be a two year cooling-off period before a former CEO could be appointed to the Board (Andres et al., 2014). In South Africa, the outgoing CEO could be appointed to the Board at the request of the Board of Directors.

2.4.7 Decision-making challenges

The CEO is required not only to be responsible for making decisions but also for the implementation and the consequences and outcomes of those decisions (Pfeffer, 1992). In terms of decision-making, more time is spent in implementing decision and dealing with the ramifications than in the actual decision-making process. Nixon (in Pfeffer, 1992, p. 324) identifies that CEOs cannot focus on past decisions in order to be future focused

> *Few successful leaders spend much time in fretting about decisions once they are past…..The only way he can give adequate attention to the decisions he has to make tomorrow is to put those of yesterday firmly behind him.*

However, the responsibility facing the CEO is compounded if the organisation is hierarchical in structure and decision-making is solely his/her responsibility. Decision-

making vested in a single person is a risk for the organisation if the person's insight or leadership begins to fail (Pfeffer, 1992).

2.4.8 Personal challenges in leadership

Some of the transition challenges that the incoming CEO may experience are personal in nature, such as adjusting his/her personal leadership style, the manner in which people are approached in the organisation and learning the rules and expectations for the new CEO role (Kombarakaran et al., 2008). Day (2001) defines leader development as being the development of individual skills, knowledge and competencies (intrapersonal) whereas leadership development is the development of social capital relating to relationships, networks, social awareness and social skills that create organisational value (interpersonal). In making the transition from manager or executive to CEO, the CEO needs to bridge the gap from leader to leadership in order to meet the demands of the organisation.

Self-confidence is the most important criteria for effective leadership (McCormick, 2001). Self-confidence refers to "*people's self-judgement of their capabilities and skills, or their perceived competence to deal successfully with the demands of a variety of situations"* (Shrauger & Schohn, 1995 in McCormick, 2001, p. 23). Therefore, self-confidence in leadership performance is impacted by self-efficacy, a person's confidence in their ability to successfully lead. Self-efficacy is also the personal belief that a person has with regard to their capabilities and resources to meet the demands of a specific task or situation. Based on this, self-efficacy is directly linked to performance. Leadership self-efficacy is then considered to be a leader's confidence in his/her ability to lead a group of people successfully to achieve his/her goals and outcomes. Therefore, leadership self-efficacy is essential to the leadership process as it impacts the leader's goals, motivation, strategy development and the execution of the strategy (McCormick, 2001).

A lowered sense of self-efficacy could lead to a distorted sense of self-knowledge which might lead to a person not believing that they have sufficient personal capabilities to successfully execute complex tasks (Stajkovic & Luthans, 1998). A lowered sense of self-efficacy could be due to selective recall of personal failures and ineffective behaviours based on past experiences.

These are important leadership challenges that a newly-appointed CEO needs to overcome as personal success is a big challenge for incoming CEOs (Goldsmith, 2008). CEOs have a high need to achieve and closely allied to a fear of failure (Kaplan, 1990). The perception is that the higher an executive rises in an organisation the less

development the executive requires (Saporito, 1996). The future CEO might have progressed rapidly through an organisation and as a result of this they might suffer from major career disadvantages (Hall, 1999).

2.4.9 Personal challenge in achieving work-life balance

Balancing work life and home life is a challenge for the majority of the workforce (Hall & Richter, 1988). Many organisations are also seeking to reduce their workforce and this means that more output is expected from fewer people. Therefore, it is becoming increasingly difficult for people to cope with the demands and challenges from their work and careers, bringing up children, managing their homes and long distance travelling, should their jobs demand this. All this adds to any other stresses that they might be experiencing with work- and life-related demands (Hall & Richter, 1988).

Top executives are more impacted by work-family balances because of their work and job demands including time pressure, information overload and long working hours (Stock et al., 2014). Such high strain from job pressure causes strain in both the top executive and their families. The challenge of balancing work and family roles might impact the CEO in terms of increased stress and exhaustion which could lead to reduced job and organisational performance. Therefore, many executives might feel that the success in their careers comes at the expense of their family (Bartolome, 1983). This might be owing to the nature of a CEO's position where his/her performance is measured by the organisation's overall performance and where poor decisions could lead to dismissal (Stock et al., 2014)

Therefore, executives often view their family life with a sense of failure. Most executives often compromise their families to achieve career success, promotion, power and esteem. In turn, a career-driven executive expects the same commitment from his or her team and finds that the need for balance equates to "low motivation" or "weak commitment" to the organisation (Hall & Richter, 1988).

2.4.10 Executive coaching roles to assist with incoming CEO challenges

Goldsmith (2008) finds that very little has been written about the unique challenges involved in helping successful people change. Based on this, many successful executives hold the view that what has brought them success in the past should continue to do so in the future (Kraatz & Moore, 2002). Therefore, they continue to focus on the financial results and the bottom line in the organisation and to rely on the formula that worked in the past and proved to be successful (Goldsmith, 2008; Kiel et al., 1996). This results in

no change in personal behaviours even though the organisation environment might require change to improve performance.

As successful people do not like to feel controlled or manipulated, they might not feel the necessity to be coached. They realise that they are successful "*'because of' some behaviours and 'in spite' of others"* " (Goldsmith, 2008, p. 97). This view is supported by Bond and Naughton (2011) who propose that coaching might not sit comfortably with leaders who have had experience in corporate cultures that admire and value the ability of leaders to manage without the support of others. However, weaknesses in leadership effectiveness are often a result of required skills that have never been learnt and the ability to change leadership style and behaviour required for the new role (Bond & Naughton, 2011; Kiel et al., 1996).

There are many characteristics of successful CEOs such as achievement-orientated, influential and creating a big presence which could move an organisation forward by overcoming the stagnation that might be inherent in the organisation (Kaplan, 1990). Even though, the CEO sets the tone of the organisation, including the culture, values and expectations within the organisation, they might not communicate these adequately, develop their teams effectively or manage conflict productively. Without support, CEOs are seldom able to give priority to their own personal growth (Kiel et al., 1996). Executives who lack the strong context skills required to make important decisions within the organisational environment would find it difficult to navigate the transition to power (Conger et al., 2012).

In poorly-performing organisations much attention is paid to what is required of the CEO and what this entails in terms of the CEO's performance, but very little attention is given to what it is about the CEO that aids or hampers his/her performance (Kaplan, 1990).

In organisations, emphasis should be placed on the development of leadership self-efficacy to improve the quality of leadership (McCormick, 2001). In the research study conducted by McCormick (2001), he found that leadership development training did not focus on the leadership self-efficacy concept which was viewed as a flaw in leadership development and training programmes undertaken by organisations.

Executive coaching's objectives are broadly-defined as a tool to facilitate performance enhancing behaviour in the workplace (Passmore, 2007). Executive coaching aims to develop self-awareness that leads to developmental change and through this improved performance. If a CEO's personal effectiveness is increased, whether it is measured through increased organisation profitability, better employee relations, higher employee

satisfaction and retention or progress in other organisational indicators, the success of the organisation would be improved (Kiel et al., 1996).

2.4.11 Summary and Research Question 4 and 5

The CEO faces many challenges during his/her tenure in the organisation. These challenges include growing the organisation and increasing profitability and return to shareholders, managing people within the organisation as well as managing the Chairman and Board of Directors. Implicit in these challenges is the need to define and implement the future strategy of the organisation

The incoming CEO steps into an existing dynamic within the organisation that is based on the legacy of the outgoing CEO, whether positive or negative, and this impacts the performance of the incoming CEO. Added to this is the future role that the outgoing CEO plays in the organisation and the positive or negative impact that this might have on the incoming CEO as it might assist or hinder the incoming CEO's delivery of his or her proposed new strategy and the implementation of changes in the organisation.

Personal challenges that the incoming CEO experiences include decision-making responsibility, balancing work and family life as well as the development of leadership style and skills. All of these challenges could impact the success or failure of the incoming CEO in terms of performance delivery and the time frame required to make an impact on the organisation.

Research question 5: What challenges does the incoming CEO experience in taking up the position?

Executive coaching plays a number of roles in the executive leadership space such as enabling the executive to meet performance goals, to assist in the grooming process of the new role and its underlying roles, style and expectations, more effective networking, changing behaviour and creating self-awareness. Successful executive coaching should, therefore, bring about improved performance and reduce executive failure. Executive coaching should also take into consideration the feeling of self-doubt, self-confidence and self-efficacy when coaching an incoming CEO as these feelings could contribute to the perceived success or failure that a new CEO might experience in taking up the position.

The challenge in executive coaching is that successful executives might not feel the need for coaching as they continue to use the same behaviours that brought them success in

the past. The lack of feedback could prevent the executive from knowing the positive or negative impact that they might be having on the organisation.

Research question 6: What support structures such as executive coaching, mentoring, seeking professional advice and guidance have CEOs relied on in their position?

2.5 Coaching models to develop a CEO transition model

Various executive coaching and leadership development coaching models that are relevant to this research proposal have been identified in the literature. These coaching models have been set out as part of the literature review for purposes of the research study as a means to explore how coaching could facilitate the CEO succession planning and transition process.

2.5.1 Coaching model

Passmore (2007) developed the coaching model shown in Figure 6 for use in the executive boardroom. It is an integrative coaching model that is set in the context in which the coachee as executive operates. It aims to move the coachee from behavioural focus, to conscious cognition to a deeper unconscious cognition as a means to improve behaviour, self-regard, deeper understanding of self and stronger motivation to act. The model's ultimate focus is improved work performance and through this improved organisational performance.

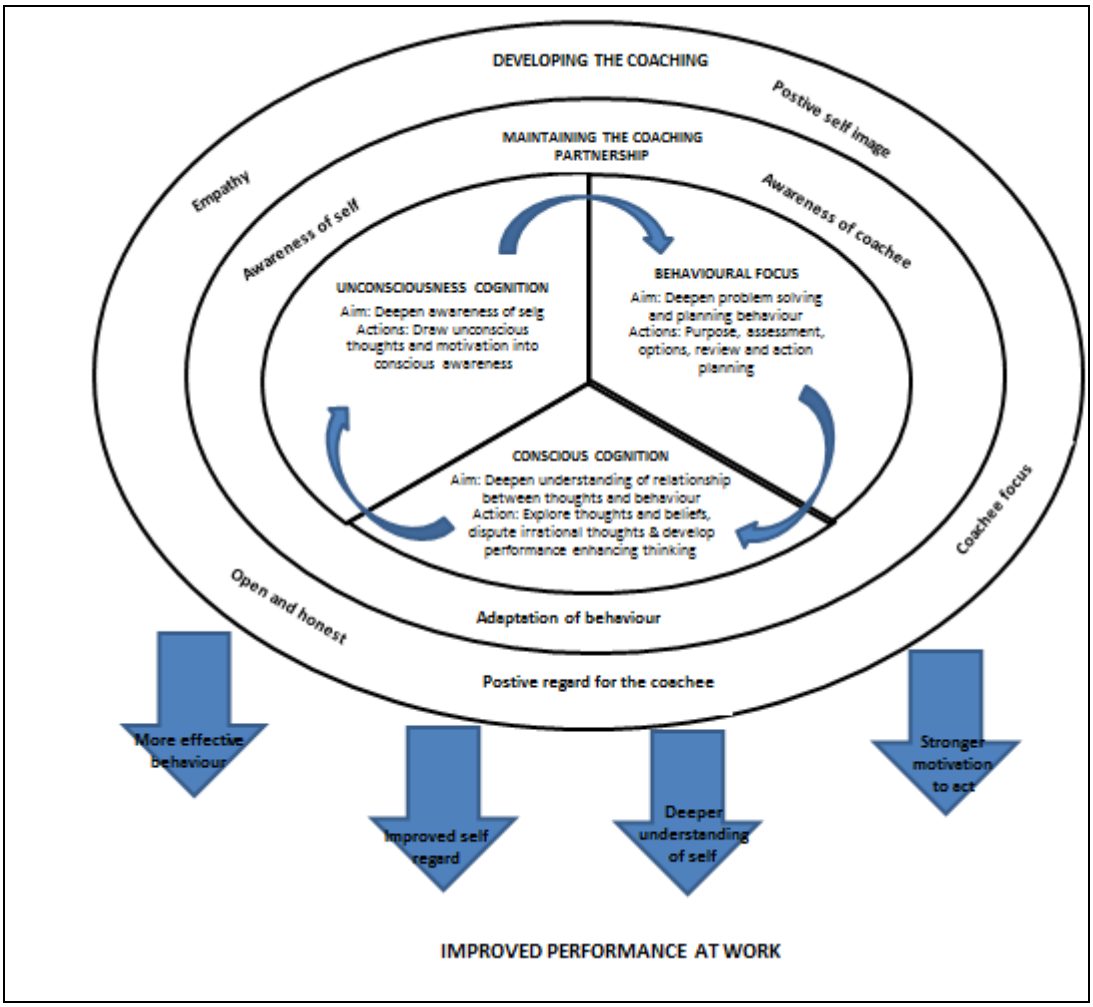


Figure 6: Passmore's Integrative Coaching Model

(Passmore, 2007, p. 69)

Figure 6 illustrates Passmore's model which incorporates six streams (Passmore, 2007).

1. The first stream is developing the coaching relationship and encompassing the associated behaviours expected from the coach and coachee in this relationship.

2. The second stream is maintaining the coaching partnership and draws on the emotional intelligence of both the coach and coachee.

3. The third stream is more behavioural focused with the intent being a change in the underlying behaviour of the coachee through improved problem-solving and planning skills.

4. The fourth stream focuses on cognitive-behaviour coaching to bridge the coachee's understanding of the relationship between thoughts and behaviour.

5. The fifth stream is unconscious cognition which aims to deepen the self-awareness of the coachee by making the coachee more self-aware of how motivation and thought could inhibit performance.

6. The sixth stream is the context or environment, including ethical, legal and organisational frameworks, in which the coachee operates.

The desired outcomes from Passmore's Integrative Coaching Model (Passmore, 2007) is more effective behaviour, improved self-regard, a deeper understanding of self and a stronger motivation to act. This coaching model links into many of the challenges that the incoming CEO faces when taking up the CEO position, from organisational dynamic challenges to personal challenges of self-doubt, self-confidence and self-efficacy.

Related transitional challenges that a newly-appointed CEO has to overcome such as engaging with the top management team, establishing better and wider networks, and providing the space to reflect on issues such as identity, personal values and goals as set out by Clutterbuck (2005) and McNally and Lukens (2006) could be incorporated into the Passmore Integrative Coaching Model (Passmore, 2007).

Saporito (1996) developed an executive coaching model that could be used in the transition process of senior executives and CEOs. This model, shown in Figure 7, incorporates four steps.

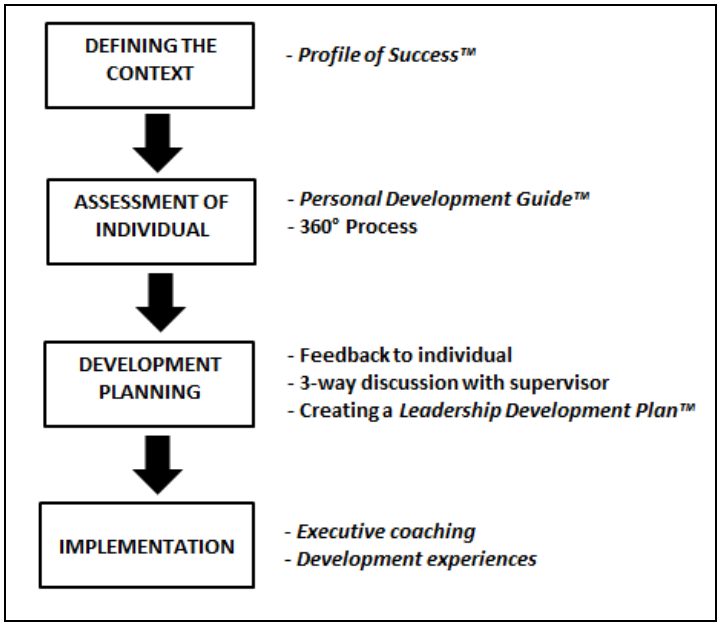


Figure 7: Saporito's business-linked executive development model (Saporito, 1996, p. 98)

The first step is to define the context in which the organisation is operating. This, in the context of a CEO selection process, would be the responsibility of the Board of Director. This requires defining the environment and challenges that the organisation is currently facing, the success factors for the incoming CEO taking into account the expectations of the Board and the incoming CEO's behavioural requirements (skills) necessary to achieve these success factors. The second step is to assess the potential CEO candidates. This is easier to implement if an insider CEO is being selected where 360° feedback could be obtained from within the organisation. With an outsider CEO candidate, other forms of assessment would also be required like past experience, personality assessment tests and extensive references. The third step is to present the feedback from step two to the incoming CEO and to design a development plan that would focus on the strengths, develop needs, experience and type of coaching that the incoming CEO would need. The final step is the implementation of the development plan and the executive coaching programme done. A case study has been done where this coaching method was successfully implemented in a CEO transition process (Saporito, 1996).

2.5.2 Leadership coaching in executive transitions

Leadership coaching is included in executive coaching models owing to the challenges that incoming CEOs experience in stepping into an organisation, especially relating to leadership challenges, self-efficacy and self-doubt (Hall, 1999; Kakabadse & Kakabadse, 2001; McCormick, 2001; McNally & Lukens, 2006).

While the expectation is for leaders to be comfortable within 100 days of their new role it often takes them a year to fully understand the organisation's system, culture and politics and the boundaries of their power. Highly-competetive organisations are not willing to drop the productivity and performance of the organisation that usually goes with the appointment of new leader (Bond & Naughton, 2011).

Leadership coaching has a role to play in role transitions and could be used in overcoming hidden challenges in executive promotion (Weinstock, 2011). There are also many personal challenges that a leader esperiences stepping into a new and demanding position that needs to be overcome. Weinstock (2011) sets these challenges to include self-critism, self-doubt, identity shifts, boundary realignments and the expectation of getting everything right. Leadership coaching could assist executives to become more effective leaders by enabling them to develop a leadership style and role that is more aligned to their new position. This means that previous behaviours might no longer be

enough to achieve the new performance requirements of the new position (Bond & Naughton, 2011).

Leadership transition is required for the executive to have awareness of the organisation's purpose, strategic goals, operational processes and performance expectation that the Board of Directors expect (Bond & Naughton, 2011). Transitional leadership coaching would, therefore, assist the newly promoted executive in restructuring the organisation, making strategic changes and taking on new organisational responsibilities.

Leadership transitional coaching could be seen as a tool to support the new leader through the first 90 to 120 days of the transition itself. Bond and Naughton (2011) have set out structured transition planning tool that could assist new leaders in successfully negotiating their new appointment (see Figure 8).

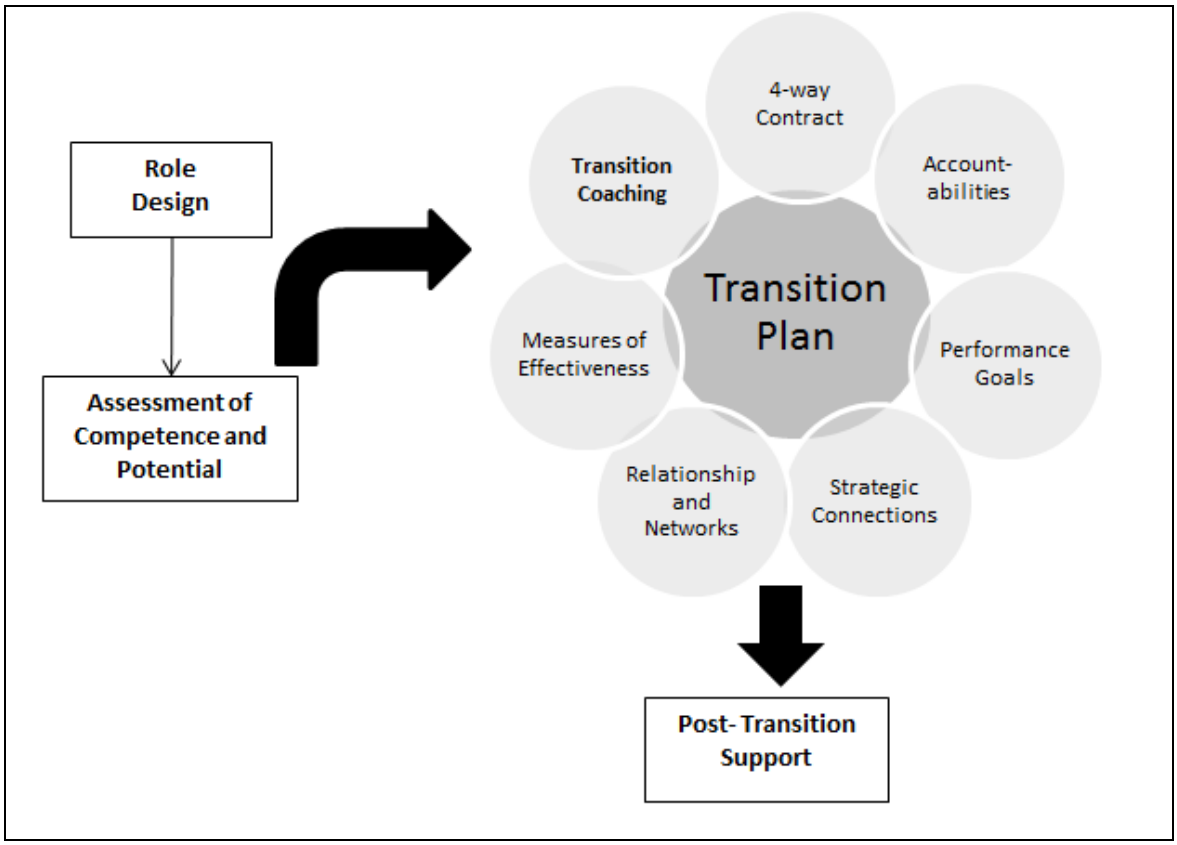


Figure 8: Key elements of a suggested transition planning tool (Bond & Naughton, 2011, p. 173)

The overall objective of the transition process is to achieve new leader success while minimising the impact on productivity and disruption to the organisation. The assessment of leadership competencies and potential evaluates the potential candidates' technical, business and people skills to ensure that these match the leadership profile for which the

organisation is wanting. The evaluation is done through psychometric testing, competence assessments and interviews. Transition coaching provides the support that the new leader requires for role change and to develop new styles and behaviours. Mentoring could also be a tool that is used in this stage. The leadership transition coaching process is a four-way contract with the coach, leader, mentor and the organisation.

Accountabilities of the new leader clarify the expectations of all stakeholders including the boundaries and powers of the new leader. The performance goals include a performance agreement which sets out performance criteria such as business targets, milestones and deadlines for the new leader to achieve the organisation's expectations. The new leader needs to make the strategic connection between the organisation's short-term goals and the longer term plans and strategies and be able to clearly communicate these within the organisation. Developing relationships and networks includes both internal and external relationships. Measuring the effectiveness of the transition process includes measuring the success of the new leader as well as the organisation and the stakeholders. These would include the meeting of personal goals, organisational goals and the integration a new team structure, organisational structural changes as well as business and financial performance (Bond & Naughton, 2011).

2.5.3 Summary and Research Question 7

This section describes two executive coaching models and a leadership development model that could be used to aid the incoming CEO in the transition process and to assist in the challenges that the incoming CEO might face in his/her role. However, no evidence was found with regard to the overall effectiveness of these various models as a means of supporting the incoming CEO in the transition process. These have, therefore, been explored from a theoretical stance that might be effective in the transition process. A summary of the coaching models and succession planning frameworks have been set out in Appendix A.

Research question 7: How can executive coaching facilitate the CEO succession planning and transition process taking into account the outcomes of the research data and the best practices set out in the research study?

2.6 Literature Review Conclusion

Chapter 2 overviews the importance of CEO succession planning in organisations to preserve and enhance organisational performance and market-value. Owing to the importance of CEO succession planning in organisation, the Board of Directors has the responsibility for ensuring that succession plans are in place within the organisation and for the selection and appointment of the CEO in terms of corporate governance legislation and regulations. The outgoing CEO and shareholders might have an influence in selection and appointment of the incoming CEO, but this is dependent on the legacy and overall performance of the outgoing CEO.

The strategic direction that the organisation wishes to implement would largely determine whether the appointment of the incoming CEO is an insider or outsider appointment. Other factors that impact on the incoming CEO selection are the age and size of the organisation, the market conditions and industry within which the organisation operates as well as the depth of internal talent pool within the organisation. The impact that the announcement of the outgoing CEO as well as the appointment of the incoming CEO has on the underlying share value of the organisation needs to be carefully considered by the Board of Directors. In most instances, the announcement of the termination of the existing CEO position would have a negative impact on the share value of the organisation.

Failed CEO appointments are disruptive to the organisation and could be extremely costly owing to compensation pay-outs and the finding fees required be paid to professional recruitment agency for the search and placement of prospective CEO candidates. The emphasis on performance delivery without a sufficiently long settling-in period adds to the increasing number of CEO derailments.

The transition process between the incoming and the outgoing CEO plays an important role in preventing failure, derailment and disruption to the organisation. From the literature reviews, it would appear that transition processes only exist in a planned succession and on the retirement of the existing CEO. Transition periods are set at being optimal between two and four years. This cannot be achieved in the untimely resignation or death of the existing CEO. The impact that a limited or no transition period has on the organisation and the incoming CEO has not been sufficiently explored and forms part of the gap in the literature review that this research study intends to address.

CEO challenges have been set out as continual performance in growth of the organisation, managing people within the organisation as well as the Chairman and Board

of Directors, dealing with the legacy of the outgoing CEO, setting the vision and strategy of the organisation as well as the delivery of this, and the personal challenges that the CEO has to contend with. For example, these challenges include the balancing of work and personal lives as well as the responsibility for decision-making and the consequences of the decisions. In these dealing with these challenges, the CEO has many support structure available to them including the support of the Chairman, and the use of coaches and mentors.

This study, therefore, seeks to explore the effective use of executive coaching in the CEO transition process as a means to develop the CEO to overcome challenges and deliver improved performance. In so doing, certain executive coaching models, leadership transition models, succession planning processes and executive on-boarding programmes have been discussed as a means of exploring best-practice in the CEO transition process.

2.6.1 Research Question 1:

How does succession planning exist in organisations?

2.6.2 Research Question 2:

How does the CEO selection and appointment process take place?

2.6.3 Research Question 3:

What transition process is in place for the incoming CEO, who is involved in the process and how long is the transition period?

2.6.4 Research Question 4:

What executive coaching models can be applied to the CEO transition process?

2.6.5 Research Question 5:

What challenges does the incoming CEO experience in taking up the position?

2.6.6 Research Question 6:

What support structures such as executive coaching, mentoring, seeking professional advice and guidance have CEOs relied on in their position?

2.6.7 Research Question 7:

How can executive coaching facilitate the CEO succession planning and transition process taking into account the outcomes of the research data and the best practices set out in the research study?

This chapter has reviewed the literature with regard to the CEO succession and CEO transition processes within organisation. Incoming CEO challenges have been reviewed along with executive coaching models that could be used to facilitate the CEO transition process.

Chapter 3 reviews the research methodology use in the research study, the selection of the population sample, the procedure for collecting data as well as the basis for data analysis and interpretation.

3 RESEARCH METHODOLOGY

The essence of research methodology is to select the most appropriate research technique in the context of the domain and research questions. The means of collecting data also has to be consistent with the underlying methodology of the specific research approach selected, and the chosen method should fit with the research question (Baker, Wuest, & Stern, 1992; Wimpenny & Gass, 2000).

Once the methodology and technique have been selected, it is important to ensure that the sample population, data collection and analysis process provides valid and reliable results that are relevant to the research study.

This chapter sets out the research methodology and analytical process that the researcher undertook in the study.

3.1 Structure of the research study

The research study has been structured in terms of an organising framework that follows a set sequence as set out in Figure 9.

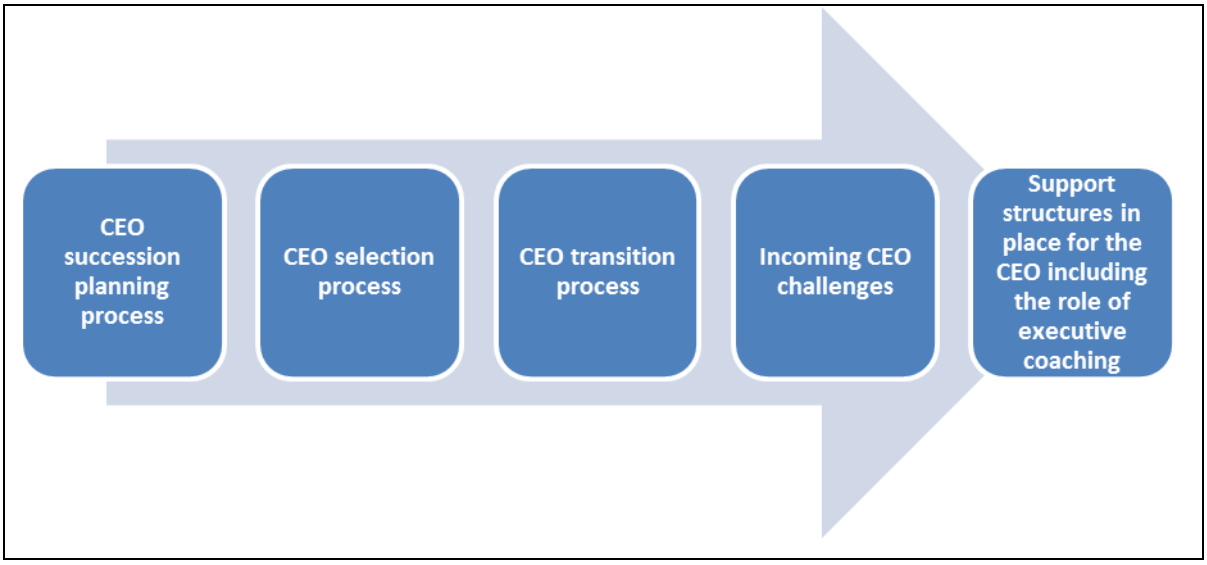


Figure 9: Diagrammatic representation of the organising framework

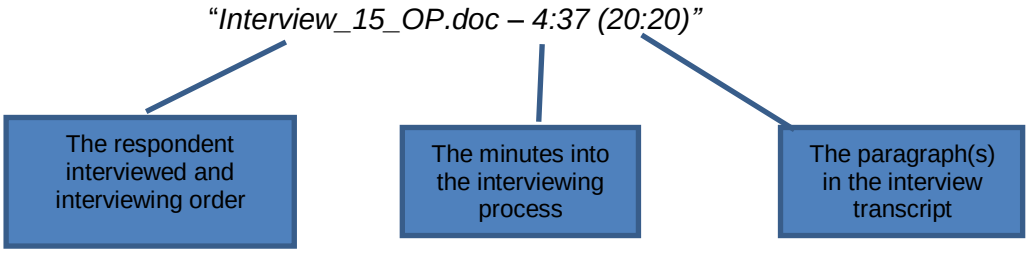
Figure 9 illustrates the organising framework that the researcher used in the study. The organising framework comprised of setting out the literature and the research findings into categories that included CEO succession planning, selection and appointment process, CEO transition process, challenges that the incoming CEO experiences as well as CEO

support structures that are in place including the role of executive coaching and mentoring.

The researcher also conducted secondary data research through investigating CEO turnover in the Top 40 companies listed on the JSE. The purpose of conducting this secondary data research was to link the findings from the primary data obtained through the interviewing process to the secondary data obtained and through this achieve triangulation of the research outcomes (Guion, Diehl, & McDonald, 2011; Sandelowski, 1986; Seale, 1999).

This organising framework in Figure 9 assisted the researcher in ensuring that the literature review, data collection, data coding and the research findings could be linked to coding categories so that themes could be determined for discussion and making of recommendations.

For the content analysis of the data, the interview responses from the transcripts were used to determine the research findings. These were anonymously linked to the interview respondents based on responses which were coded using Atlas.ti qualitative software. For example, a specific response was referenced by means of the following code:



3.2 Research paradigm

The research paradigm that was used in this research study was Interpretivism. Interpretivism was selected by the researcher because of the direct personal interaction required with the respondents to obtain their real-life experiences of the phenomenon, namely, the CEO transition process. By identifying their perceptions, the outcome of the research topic was developed (Ponterotto, 2005). Through interpretivism, the researcher and the respondents were jointly able to create findings from the interviewing process and the interpretation thereof. The reality of the experience was constructed by the respondents as their experience was the experience of those that had lived it. Hence Ponterotto (2005) uses the term, "*lived experience*" to describe this experience.

Based on the interpretivist view, the reality of the respondents was subjective and influenced by the context of the situation. In this instance, this was the CEO's experience of a transition and the perception of that transition experience as it was related to the researcher (Ponterotto, 2005).

The aim of this study, using the research paradigm of interpretivism, was not to attempt to verify the truthfulness of the respondents' realities or to find outside verification of the analysis of the experiences captured. Therefore, a different researcher might capture different themes whilst reviewing the same transcripts. The validity of the analysis of the data was that both researchers might be correct; as the rigor would be dependent on the basis of the thick or rich description of the research study (Ponterotto, 2005).

The secondary data research of the CEO turnover of the Top 40 companies listed on the JSE was internet based and did not include any personal contact or interviews with the underlying companies.

3.3 Research design

Interpretivism and qualitative research are inextricably linked and the research design that was used for the study which was phenomenology (Sanders, 1982). For Sanders (1982, p, 354), the point of phenomenology is *"to get straight to the pure and unencumbered vision of what an experience essentially is*" (Sanders, 1982, p. 354). Phenomenology is based on the lived world, the world of experience and proposes that the phenomenon is described rather than explained as it focuses on the very things as they become apparent (Sadala & Adorno, 2002). Therefore, knowledge is based on experience and there can only be a phenomenon when there is a person who experiences the phenomenon.

Phenomenology is also a qualitative research design that seeks to make the structure and meaning of human experience clear (Atkinson, 1972). It describes what all respondents have in common in the phenomenon and works from the respondents' specific statements and experiences.

Sadala and Adorno (2002) advocate that a researcher who is investigating a phenomenon starts from the experience lived by the respondents by obtaining their descriptions of their experiences and is then tasked with revealing the essence of the phenomenon. This implies that the researcher should seek to understand the lived experiences of the respondents about the phenomenon (Baker et al., 1992; Creswell,

Hanson, Plano, & Morales, 2007; Wimpenny & Gass, 2000). In this case, the researcher sought to understand the "lived experiences" (Ponterotto, 2005) of the CEO respondents during their transitions and the challenges that they faced in taking up their positions. Phenomenology as a research design must use essence-based questions about what the essence is that all the respondents experienced about the phenomenon. This would link with the findings from the research data and the unfolding of themes that emerged from the data.

On the other hand, quantitative research methods would have not provided the rich understanding of the CEO experience in the transition process that was required in investigating the research question. Evidence of this quantitative research limitation is supported in the studies of Grusky (1963), Fredrickson et al. (1988), Friedman (1986) and (Charan, 2005). For example, in the research conducted by Grusky (1963), the outcomes were based on data gathered from the secondary analysis of published documents. Fredrickson et al. (1988) research outcomes were based on literature governing succession, board behaviour and political processes. An analysis of the 235 Fortune Industrial and Service 500 firms formed the basis of the outcomes of the research into succession planning by Friedman (1986). Charan (2005) based his findings of a lack of succession planning in organisations from a quantitative study of 1,800 successions.

Therefore, the majority of research conducted in the past has been based on empirical research on an antecedent basis rather than the documenting of the experiences of the CEOs themselves in the transition process. The CEO's unique insights gained through their personal experiences made a valuable contribution to the research question, research study and to the body of knowledge.

Sanders (1982) sets out three fundamental components in a phenomenological research design, namely, determining the limits of *what* and *who* is to be investigated, the collecting of data and, finally, the phenomenological analysis of the data.

The "what" component is the reason why the research topic is being investigated. In the context of this research study, it was to understand the dynamics around the CEO transition process and from these insights to develop a coaching transition model that could enhance and facilitate the CEO transition process. The "who" component was the respondents that were interviewed, the CEOs, ex-CEOs and Board members. The data for the research study was collected through in-depth, semi-structured and unstructured interviews with the respondents. The interviews with the respondents were recorded, transcribed and the contents of the transcriptions were analysed (open coded and

categorised) to describe the CEO transition experience in order to identify the themes that emerged from the descriptions (Sanders, 1982). From the data collected, the study's aim to determine how coaching could be used as a tool to better facilitate the CEO transition process was explored.

The advantage of using phenomenology was that there was only one legitimate source of data, namely, the respondents who had lived the experience. The semi-structured and unstructured interview process was used to capture the richness of their experiences and provide the basis for the development of a theoretical model.

The secondary data analysis of the CEO turnover of the Top 40 companies listed on the JSE was based on data gathered from published documents obtained from the internet and the annual financial statements of the underlying companies.

3.4 Population and sample

This section covers the population selected and the sampling methodology used in selecting the respondents for this study.

3.4.1 Population

The population was retired or ex-CEOs of organisations that had experienced a CEO succession and transition, current CEOs in organisations who might have been through a CEO transition process in terms of their appointment and those that needed to implement a CEO succession and transition process in the future.

3.4.2 Sample and sampling method

In qualitative research, "the phenomenon dictates the method (not vice-versa) including even the type of respondents" (Hycner, 1999, p. 156 in Groenewald, 2004, p. 8). Therefore, the researcher is required to develop a sampling frame capable of answering the research questions, identify the respondents and secure their participation in the study (Devers & Frankel, 2000).

The sampling method in phenomenology is purposive sampling where the primary respondents are selected for the reason that they have had experiences relating to the phenomenon being researched (Groenewald, 2004; Guest, Bunce, & Johnson, 2006), in this instance, the CEOs who had experienced a transition within an organisation or who may have needed to put a succession plan and transition process in place in the future were selected as the study's sample. Purposive sampling strategies are also designed to enhance the understanding of the selected respondents' experiences as a means for

developing theories and concepts (Devers & Frankel, 2000). When deciding how big the purposive sample should be, it is recommended that the sampling size should be inductively established and should continue until data saturation has been achieved (Guest et al., 2006). The exact sample size has been debated with many theorists viewing that the smallest acceptable sample size in qualitative research is fifteen (Bertaux, 1981 in Guest et al., 2006). This research study was conducted with sixteen respondents to cover the scope of the research topic, namely, current CEOs, ex-CEOs and the Board of Directors.

The respondents in this research study were current, retired or ex-CEOs of organisations and Board Directors of organisations. Interviews were also conducted with Chairmen or Board Directors on an unstructured basis, but with greater emphasis on the role that the board played in the selection and appointment of the CEO.

Current CEOs were also interviewed to gain insights into how they were appointed as CEO, the transition experience they had in stepping into the position as well as what succession plans were currently in place in their organisations. Ex-CEOs were interviewed to establish how they exited the organisation, what was involved in terms of the appointment of a new CEO and what hand-over they provided to the incoming CEO. The number of respondents interviewed in each category is illustrated in Table 7.

Table 7: Profile of respondents

Description of respondent	Number to be sampled
Current CEOs	9
Retired or ex-CEOs	4
Board Members	3

Figure 10 represents the proportion of CEO respondents from either listed or private organisations as well as Chairmen or Directors.

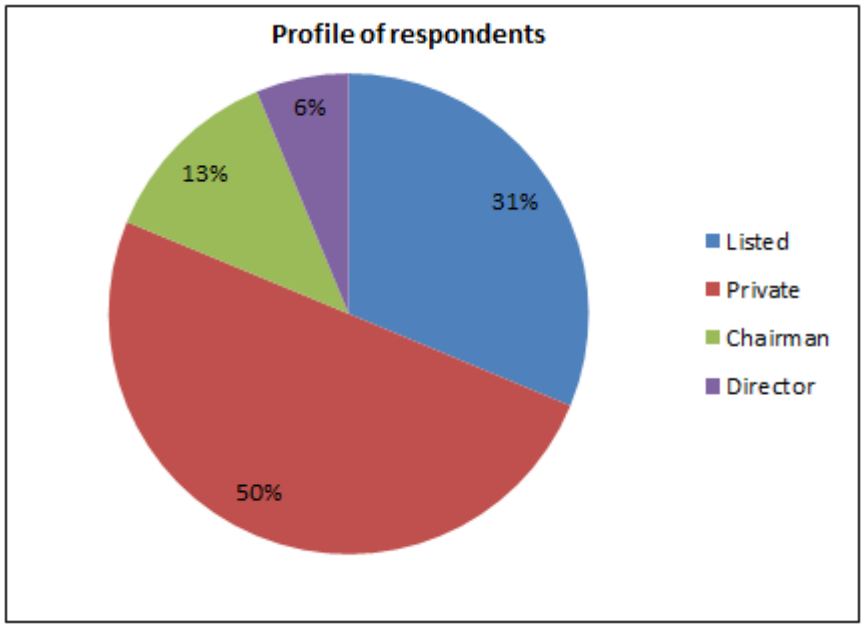


Figure 10: Respondent classification

The CEOs and Board Directors interviewed are further classified in Table 8.

Table 8: Respondent position categories

Respondent type selected	**Number of respondents**
Chairman and non-executive director of more than one organisation	2
Non-executive director of more than one organisation	1
Current CEOs	7
Ex-CEOs	3
CEOs who have held more than one CEO position, hence falling into the category of current CEO and ex-CEO	2
CEO in the process of exiting the organisation	1
Total respondents	**16**

The number of employees in the organisations of the CEOs interviewed is illustrated in

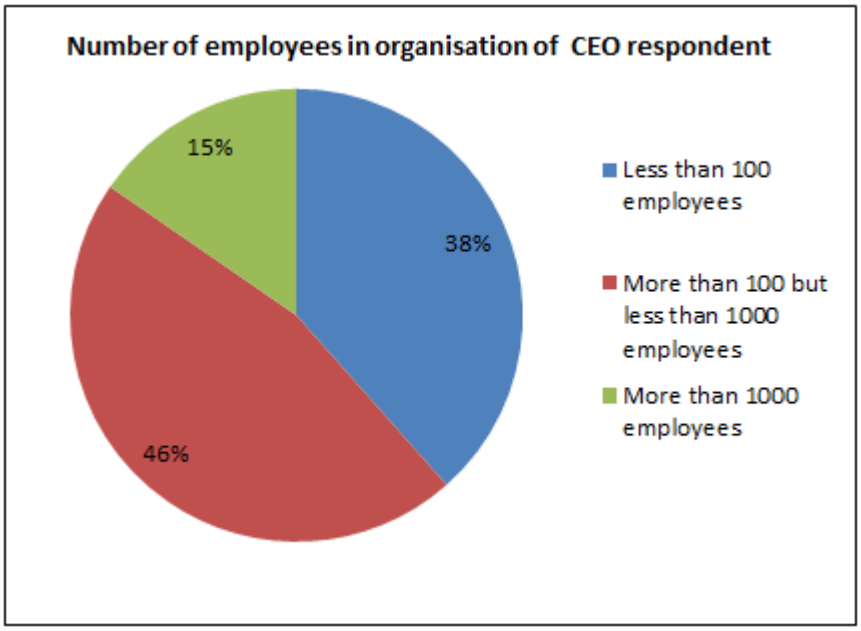


Figure 11. Part of the sampling process was to ensure that the representative organisations had more than 50 persons employed.

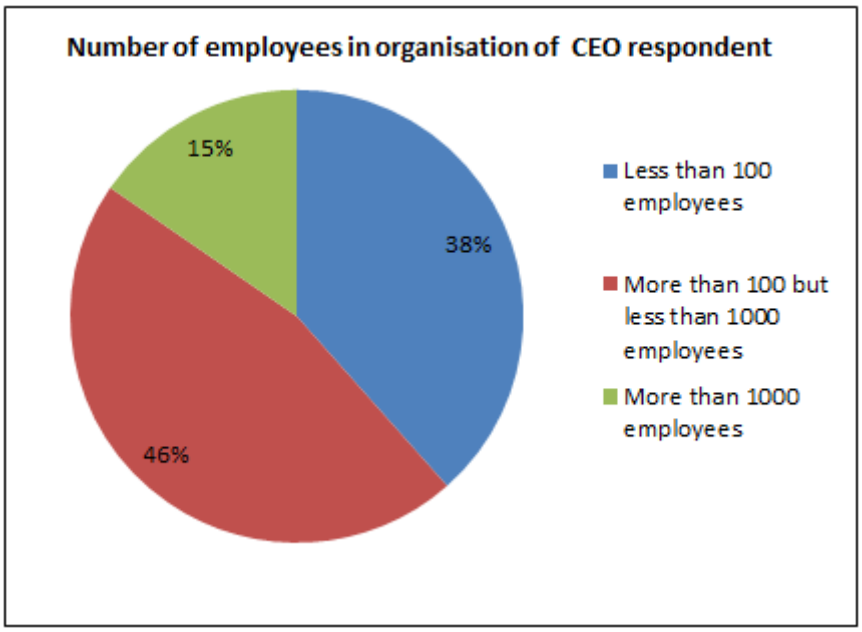

Number of employees in organisation of CEO respondent
15%
38%
46%
Less than 100 employees
More than 100 but less than 1000 employees
More than 1000 employees

Figure 11: Employees numbers in the CEO respondents' organisations

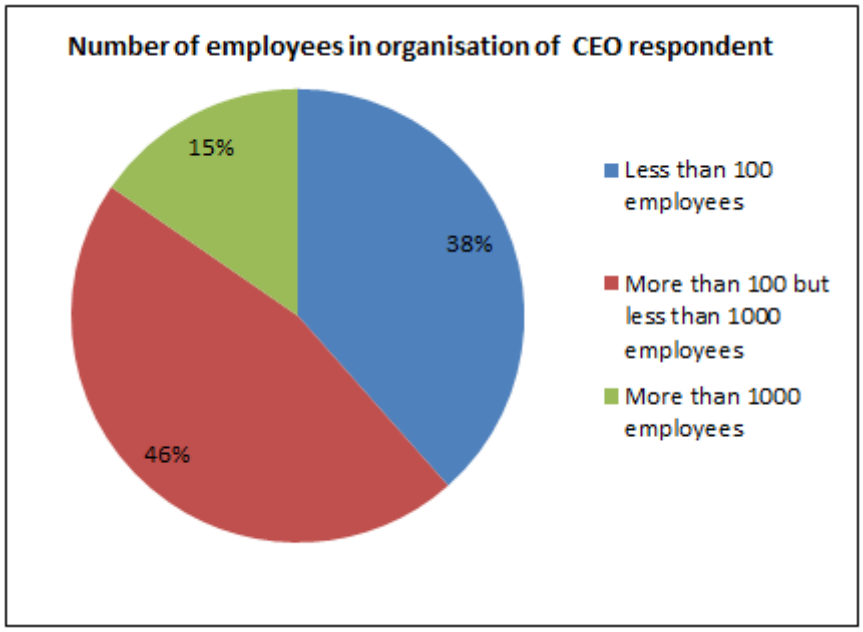
From 

Figure 11, it is evident that 61% of the organisations had more than 100 employees making ensuring that the sampling requirement was adequately met.

3.5 Research instrument

The basis of the data collection for this study was interviews with selected respondents. The decision to use qualitative research methodology was based on the research tool being used which was the interviewing of CEOs to gain insights into their personal experiences of transitions. This links with the research paradigm of Interpretivism which calls for the close interaction between the researcher and the respondent (Ponterotto, 2005).

The research instrument used to collect the data was based on the Interview Guide set out in Appendix B. The Interview Guide was developed based on the literature review and was designed to achieve consensus and reliability in the data obtained through the interviewing process.

However, in the actual interviewing process, the Interview Guide became a mental ticking process that the researcher used to ensure that sufficient scope of the content of the research study was obtained from the interviewing process. In the event that further information was required or if there was something that needed to be clarified regarding a specific topic, the respondent was asked direct questions.

3.6 Procedure for data collection

In qualitative research, the data consists of well-documented field notes, audio tapes, memos and transcripts of interviews conducted (Devers & Frankel, 2000).

The data was collected from purposefully-selected respondents who had experienced the phenomenon, and from this data source a rich description of the experience for all the respondents was developed (Creswell et al., 2007). Appointments were scheduled ahead of time taking into account that many of the respondents would only be able to grant time for an interview sometime in the future. Flexibility was also required when scheduling a meeting as often the respondent would request a change in the time or date of the meeting owing to an unforeseen emergency or change in plan. Face-to-face interviews were arranged with the respondents and were conducted by the researcher. In the majority of cases, interviews were arranged at the respondents' place of business; either in their office or a common meeting room.

3.6.1 Interview process

The interview is the most widely-used method of collecting data in qualitative research as it provides the best way to get the personal experience of the person who has experienced the phenomenon that the research topic is investigating. The interview also enables the respondent (the interviewee) to narrate that personal experience (Nunkoosing, 2005). In so doing, it enables the respondents to think and talk about their experiences and understandings of the experience at both the conscious and unconscious levels. The interview-based qualitative research helps in the generation of hypothesis or theories that could lead to further studies.

In-depth interviewing was designed to ask respondents to reconstruct their experiences and to explore their meanings (Seidman, 2006). The interview is seen as a conversation but with a guiding purpose or plan where questions are asked to stimulate responses that address the researcher's interests (Holstein & Gubrium, 1995). This was achieved through the respondents telling their story as to how they became CEOs. In the story-telling process, information was obtained by the researcher and this, in turn, allowed the researcher to ask more meaningful questions in order to extract insights into the CEO experience of the transition process and the associated challenges or benefits that they derived from this. Further enquiries that the researcher sought was around the support structures that the CEO had experienced during his or her tenure. Linked to the support

structures was executive coaching and whether this was a common support structure that CEOs had utilised.

A draft consent letter (see Appendix C) was forwarded to the sample respondents requesting their participation in the research study in the form of a personal interview. Part of the consent was the permission granted to the researcher to audio record the interview.

The intention of the interview process was to follow the Interview Guide as set out in Appendix B. However, in some of the interviews with the CEO respondents the interview took on an unstructured approach because the respondents felt comfortable with re-telling their experiences.

Before all interviews were undertaken, prior research was undertaken by the researcher into the history of the CEO and the organisation, Board Director positions held, business dynamics around the organisation as well as recent events regarding the topic of CEO transitions. All interviews were recorded and transcribed and reviewed for accuracy by the researcher to ensure reliability.

3.6.2 Secondary data collection

An independent investigation of CEO turnover in to the Top 40 companies listed on the JSE was conducted. This investigation was Internet based and included media press releases, companies' annual financial statements and web-sites recording Board of Directors and appointments.

3.6.3 Ensuring quality data collection process

The success of the research study is dependent on the quality of the interview, the data obtained from the interviewing process and this is dependent on the quality of the respondents selected.

The quality of the interview was dependent on the ability of the researcher to instil confidentiality and rapport with the respondent so that the respondent would feel comfortable to reveal his or her true experiences on the research topic being investigated. For Duncombe and Jessop (2002, p. 6), "*Rapport is tantamount to trust*, *and trust is the foundation for acquiring the fullest, most accurate disclosure a respondent is able to make"*. For the study, part of the process of instilling confidence and rapport was having an understanding of the organisations that the CEOs represented and knowledge as to

when they had been appointed and when they had resigned. This was also applicable to Chairmen or Director respondents.

The quality of the data obtained from the interviewing process was preserved through recording the interview and having the interview transcribed verbatim by a professional transcriber. The transcription was also compared to the audio recording of the interview to ensure that the transcription actually represented what was recorded. The average length of each transcript was 13 pages and the average interview length was 45 minutes.

The quality of the respondents was based on purposeful sampling ensuring that they represented organisations whose employees exceeded 50 persons and were from diversified organisations, covering both public and private organisations. Interviews were obtained through contacting respondents directly as well as from requesting interviews to be arranged from mutual contacts. The guarantee of confidentiality and the quality of the tertiary institution for which the research was being conducted were contributing factors to the success in selecting suitable respondents for this research study.

The quality of the interview data was also verified against the analysis of the data obtained from the CEO turnover of the Top 40 companies listed on the JSE. By so doing triangulation was achieved through the analysis of different sources of information and data collection procedures in order to obtain similar findings between them (Guion et al., 2011; Sandelowski, 1986; Seale, 1999).

3.6.3 Limitations of the interviewing process

There were three potential problems in the interviewing process. Firstly, the respondents might be selective with what they wanted to tell the researcher, and, as a result, they might not reveal everything about themselves or what they had experienced. Therefore, gaining confidence and establishing rapport between the researcher and the respondents was critical to develop relationships so that new insights into the situation or experience could be gained. Secondly, it was assumed that what was said was an accurate replication of what was lived and experienced. The third problem with interviewing was that what was experienced in one moment of an existence changes with the accumulation of new experiences (Nunkoosing, 2005).

These problems identified were overcome by the researcher, firstly, through confidentiality and establishing a rapport with the respondents prior to beginning the interviewing process. This entailed providing the respondents with a brief description of the researcher's professional background and the purpose of the research topic in the

context of executive coaching in the CEO transition process. The second and third problems are difficult to overcome in any qualitative research study. These problems were mitigated through carefully selecting the respondent to be interviewed (see Section 3.8) and through identifying key points of similarity in the experiences of the various respondents. However, in the context of the research paradigm, it is accepted by the researcher that the reality of the respondents' experience is constructed as their experience and that the reality may be subjective and be influenced by the context of the respondents' situation in the CEO transition process (Ponterotto, 2005).

3.7 Data analysis and interpretation

Content analysis is defined "as a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns" (Hsieh & Shannon, 2005, p. 1278). Thereby, content analysis facilitates the flow of concrete and detailed reporting of responses and was used to analyse and interpret the data. This analytical method is used to describe a phenomenon when existing theory or research literature on a phenomenon is limited. Content analysis gauges the importance of what has not been said as well as what has been said in the interview (Hsieh & Shannon, 2005; Merton & Kendall, 1946).

Figure 12 illustrates the process that the researcher undertook through the study from data collection to data analysis.

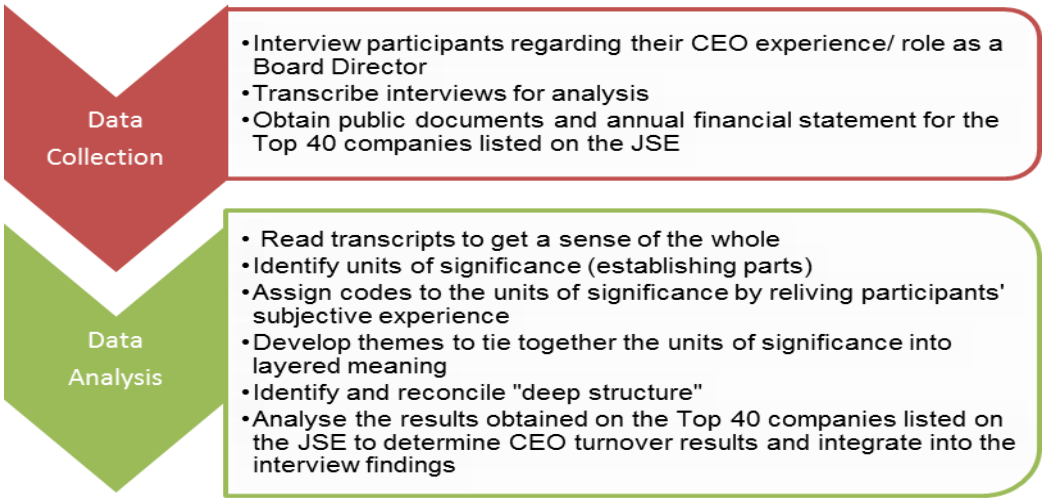


Figure 12: Phenomenology data analysis

(adapted from (Bhattacherjee, 2012, p. 109))

From Figure 12, the steps in the analysis of data include:

1. Data collection to data analysis “coding”

The interview transcripts were read a number of times in order to derive codes (Hsieh & Shannon, 2005). This enabled the researcher to organise and group similarly coded data into categories on the basis that they shared a similar characteristic (Saldaña, 2009). Saldaña (2009) makes an important point that codes are essence-capturing and essential elements of the research story. In addition, the success of content analysis depends greatly on the coding process (Hsieh & Shannon, 2005).

The success in the content analysis was achieved through open or inductive coding of the interview transcripts using the computer software programme Atlas.ti. Once an interview transcript was coded, the coded transcript was printed and analysed to ensure consistency between the data and code. Each interview transcript coded was aligned to previous interviews coded to further ensure alignment between both the coding process and the content of the data.

The investigation into the CEO turnover of the Top 40 companies listed on the JSE was internet based and sourced. From reading the relevant material obtained, a table was tabulated and the information categorised in order to make sense of the findings.

2. Coding to categorising

Codes were then sorted into categories based on how the different codes were related and linked (Hsieh & Shannon, 2005). This is the process of discriminating between the criteria for allocating data to one category or another (Dey, 1993). The codes were then clustered together according to similar characteristics and regularity and through this process, categories emerged for analysis of their connectedness (Saldaña, 2009). Coding was done a number of times to develop categories, themes and concepts (Hsieh & Shannon, 2005). This process is known as codifying (Saldaña, 2009). The result of the coding and categorising process is provided in Appendix D.

3. From codes and categories to themes

The emerging categories were organised and grouped into meaningful clusters (Hsieh & Shannon, 2005). Some of the coded data required further refinement and sub-categorisation (Saldaña, 2009). Definitions for each category, sub-category and code were developed. If any relationship existed between the categories and sub-

categories, these were identified (Hsieh & Shannon, 2005). Thus, the process of classifying the data created a conceptual framework through which the coded data was brought together in an analytically useful way (Dey, 1993).

4. From themes to theory

This is the process of how the themes and concepts lead towards the development of a framework (Saldaña, 2009). The way in which the data is analysed reflects the hypothesis of the research study and is influenced by the research objectives (Dey, 1993).

The advantage of using the conventional approach of content analysis is the gaining of direct information from the respondents without imposing preconceived categories or theoretical perspectives (Hsieh & Shannon, 2005). Also, there is the advantage of being able to return to the data to clarify or confirm the connection between the data and the theory and whether the correct conclusion has been derived (Dey, 1993).

From the coding process, 173 codes were derived which were classified into 23 sub-themes and 14 categories. Chapter 4 discusses the 14 categories identified, which include:

1. CEO succession planning
2. CEO selection and appointment process
3. CEO transition process
4. Challenges that the incoming CEO faces in the organisation
5. Support roles for the CEO
6. Role of CEO coaching and mentoring

The outcome of the coding process into the categories and themes is provided in Appendix D.

Further to the analysis and coding of the interviews undertaken with the respondents, an independent research was conducted on the CEO turnover of the Top 40 companies listed on the Johannesburg Stock Exchange (JSE). The purpose of conducting this analysis was for validating the findings from the interviewing process and to test the reliability of the outcomes of the interviewing process. The research into this secondary data took the form of Internet-based research of related articles regarding the CEO turnover and the listed company's website information regarding Directorships and Annual Financial Statements.

3.8 Limitations of the study

The phenomenologist has only one legitimate source of data; the views and experiences of the respondents themselves. Therefore, the respondent's view is taken as "fact". Respondents were selected on the basis that they have lived the experience under study (Goulding, 2005). Based on this assumption, the limitation of the research study was dependent on the quality of the respondents selected. This limitation was overcome through ensuring the credibility of the respondents obtained to participate in this study, namely, they had experienced a CEO transition or would be experiencing a CEO transition in the future; the organisations that they represented came from both the public and private sectors with an employee complement in excess of 50 and the information obtained from the CEO respondents was verified by Chairmen and Board of Directors of publically-listed companies on the JSE. The integrity of the data obtained was ensured through the likeness of the data to the literature, the CEO turnover of the Top 40 companies in the JSE and to other CEO respondents and the Board of Directors.

A further limitation to the study was that the scope of the study was limited to South African organisations, CEOs and Directors and the regulatory environment in South Africa. Literature specific to the South African business context was scant and, therefore, the literature on which this study was based was mainly from a USA context. Therefore, best practice around CEO succession and transition planning might not be absolutely relevant to the South African dynamic where considerations around Employment Equity need to be taken into account.

The review of the Top 40 companies listed on the JSE was done without any input from the underlying organisations. The outcomes were based on what was written in the press and in the underlying companies' websites and annual reports. Based on this information, a certain amount of subjectivity could be interpreted into the results.

Executive coaching in the CEO transition stage in the succession process has not been widely-researched. Whilst there is research regarding the benefits of coaching in the promotion of employees from one level to the next to ensure success, this has not been researched in the CEO transition stage, probably as a result of the majority of CEO turnover being unplanned.

3.9 Validity and reliability

In qualitative research, validity refers to the truthfulness of the findings as is evidenced in the experiences of the respondents (Whittemore, Chase, & Mandle, 2001). In addition, the researcher needs to validated the findings through the data procedure process to ensure accuracy of what is presented (Creswell, 2008).

Verification is the process of checking and being certain that the data processing procedures used during the process of research ensure reliability and validity, thus, the rigour of the study (Morse, Barrett, Mayan, Olson, & Spiers, 2008). The verification strategies set out by Morse et al. (2008) were applied to the research study as follows:

1. Methodological coherence – this is to ensure congruence research questions matched the method, which matched the data and the analytical procedures. This was achieved through using interpretive inquiry, qualitative research methodology, interviewing and open or inductive coding procedures of data analysis to avoid researcher bias.

2. Sample must be appropriate – this must consist of respondents who best represent or have knowledge of the research topic. Sampling adequacy is also achieved by saturation and replication. This was achieved through purposefully selecting the respondents to be included in the research study.

3. Collecting and analysing data concurrently – this is achieved by following the data analysis methodology set out and not having pre-determined codes but rather having codes evolve from the interview transcripts themselves and the processes of continually checking, reviewing and revising the coding of data.

4. Thinking theoretically – this is to ensure that ideas emerging from the data is reconfirmed in new data, which gives rise to new ideas that in turn must be verified in the data collected already. This was achieved by interviewing respondents that were and had been CEOs, members of the Board of the organisation and verifying this information against the investigation into the CEO turnover of the Top 40 companies listed on the JSE (triangulation).

5. Theory development – this is the coding and categorising of data to develop theory. The result of theory development is the outcome of the research process or a template for comparison and further development of theory.

3.9.1 External validity

External validity refers to transferability (Seale, 1999; Whittemore et al., 2001) or applicability (Sandelowski, 1986) and is linked to the sample subjects and sample size. There are fewer threats to external validity in qualitative research because the research study revolves around the sample population that is purposefully- and carefully-selected with regard to their experience in relation to the research topic.

3.9.2 Internal validity

Internal validity refers to credibility (Whittemore et al., 2001) or truth value. This is measured through the human experience as lived and perceived by the respondents (Sandelowski, 1986). Therefore, credibility is the criterion against which truth value in qualitative research can be evaluated (Guba & Lincoln, 1981). A qualitative research is credible when the descriptions or interpretations of the lived experience are so sound that the respondents or any other person having that experience would be able to recognise it.

Another method of ensuring credibility in qualitative studies is through triangulation between the primary and secondary sources of information and data collection procedures (Guion et al., 2011; Sandelowski, 1986; Seale, 1999). Triangulation was achieved through the interviewing of the respondents identified covering retired or ex-CEOs, current CEOs and members of the Board (primary data collection) and verifying these results with the investigation of the CEO turnover in the Top 40 companies listed on the JSE (secondary data collection).

Internal validity would, therefore, be measured on the credibility of respondents that the researcher had access to and the interpretation, analysis and presentation of the data extracted from the interviews of the various respondents to obtain a balanced approach to the research study that could be linked to the literature reviews.

For the study, all interviews were transcribed and an open-coding system applied to the analysis of the data collected which would further enhance the validity of the research undertaken.

3.9.3 Reliability

Reliability equals repeatability in qualitative research (Sandelowski, 1986). This was achieved through auditability and peer-auditing procedures (Seale, 1999) based on the grounds that another researcher could arrive at the same or similar conclusion given the

researcher's data, perspective and situation (Guba & Lincoln, 1981). This entails creating a clear decision trail concerning the study from beginning to end.

Trustworthiness of the data is achieved through data saturation and triangulation (Bowen, 2008). Data saturation is ensuring that there are sufficient number of respondents who participate in the study to ensure that the data is complete either through replication of data or where no new findings emanate from the interviewing process (Bowen, 2008). One way of determining whether or not saturation was obtained in this research study is through the creation of new codes in the interview coding process. Diminishing new codes could be regarded that there was no further data to be obtained and that the saturation criteria has been fulfilled.

In terms of the creating of new codes, Table 9 illustrates the basis of reaching saturation in this research study. The respondents indicated are from the first interview coded to the last interview coded and are divided into CEO respondents and Board respondents.

Table 9: Code creation development across interviews

CEO Respondents	**Number of new codes created**
Interview 15 – OP	38
Interview 13 – MN	13
Interview 1 – AB	19
Interview 3 – CD	12
Interview 11 – KL	17
Interview 4 – DE	6
Interview 2 – BC	8
Interview 5 – EF	6
Interview 6 – FG	7
Interview 10 – JK	5
Interview 9 – IJ	3
Interview 14 – NO	1
Interview 16 – PQ	0
Board Respondents	**Number of new codes created**
Interview 7 – GH	20
Interview 8 – HI	20
Interview 12 – LM	1

3.10 Ethics

Ethics is about dealing with what is right and what is wrong and it governs norms of conduct that distinguish between acceptable and unacceptable behaviour by the researcher (Babbie, 1989). As social research requires the respondents to reveal personal information about themselves and that information to become known in the public domain, ethics becomes an important aspect of research as no respondent should be harmed in the gaining of information.

Babbie (1989) sets out certain guiding principles to ensure that social research ethics is maintained. The first guiding principle is that each respondent's participation should be voluntary and that no person should be forced to participate in the research study. The researcher achieved the voluntary participation of all the respondents to this study through providing them with a brief overview provided as to what the research topic was about and the ultimate aim for the research.

The second guiding principle is that the respondents' anonymity and confidentiality is protected. Even though confidentiality and anonymity can be compromised in qualitative research in that the researcher knows the identity of the respondent and the remarks made by the respondent in the interviewing process, confidentiality and anonymity to further public parties should be protected. This was achieved through the researcher binding herself to a confidentiality clause in the consent letter set out in Appendix C and by ensuring that the respondent's names in the research findings were nondescript and had no bearing on the name of the respondent.

The third guiding principle is to ensure that the analysis and reporting of the data in the research study is objective and has integrity. Therefore, any limitations and shortcomings to the research study should be disclosed. Objectivity was achieved by the researcher through distancing herself from the respondents and their experience and not influencing the outcome through the interviewing questioning process. The analysis and reporting of the data was that of the respondents as stated by them verbatim. Over and above the data collection procedure, all literature attributable to the research study was referenced to the author and publication. Plagiarism of the study was also assessed through submission to *Turnitin.*

Over and above the recommendations of Babbie (1989), the University of the Witwatersrand has a Code of Ethics for Research on Human Subjects which was adhered to by the researcher. The research proposal was approved by the Wits Business

School Ethics Committee and title was approved by Wits Business School on the 9th April 2014 as set out in Appendix E.

This chapter has set out the research paradigm, interpretivism, the research design, phenomenology, as well as the population and sample methods. The research instrument as well as the procedure for data collection, data analysis and interpretation has been discussed. The limitations to the study have been disclosed. Finally, this chapter discusses reliability and validity of the research as well as addressing ethics regarding the research study.

Chapter 4 sets out the research findings from the respondent interviews and the analysis of the data of the CEO turnover of the Top 40 companies listed on the JSE.

4 RESEARCH FINDINGS

This chapter reviews the findings from the interviews with CEOs, ex-CEO and Directors who sat on the boards of various organisations. The analysis of the data from the interviews has been organised in terms of the organising framework developed based on the semi-structured interview questions and the literature review. The organised framework covers the CEO succession planning, selection and appointment process, the CEO transition process, incoming CEO challenges experienced, CEO support structures in place and the role of CEO coaching and mentoring.

4.1 CEO succession planning

CEO succession planning explores what, if any, plans were in place in the organisation for CEO succession. Of the 16 respondents interviewed, there were definite succession plans in three organisations where the likely candidates to take over the CEO position had been employed or identified within the organisation.

One CEO defined what succession planning meant for him and his organisation in terms of the handing over of the business, the staff and the clients and how the transition should be for both him and the organisation as:

> *But for me, it's more about the handover of the business and the direction and the running and the management of staff, and future direction and supplier relationships; ensuring skills are retained. So what I'm trying to achieve is a succession that is somewhat seamless, not wrenching, not disruptive, positive, letting go to the right people. Interview_13_MN.doc – 5.28 (41:41); 5:14 (23:23)*

From the data analysis of succession planning in organisations, four themes emerged, namely, (1) difficulties that current CEOs experience in relinquishing their positions; (2) the passing of the CEO position timing; (3) the CEO successor process; and (4) CEO succession planning and corporate governance.

4.1.1 Difficulties current CEOs experience in relinquishing their positions

Many CEO respondents felt that it was going to be difficult to give up the CEO position owing to their personal attachment to the organisation and that the handover had to be

at the right time for both them and the organisation. These handover difficulties were reflected in interview excerpts:

> *When the right moment comes, I will do it. I'm not holding on for dear life. Interview_4_DE.doc - 8:66 (212:212)*

> *I think it's going to be very, very difficult. I don't think it's going to be easy. Founders never find it easy to get back, to disappear. You're inevitably going to be worried about that. Interview_15_OP.doc - 4:45 (28:28)*

> *Letting go has been challenging, but realistically, I know that that has to happen, whether it's by design or… by force. It could be my health packing up one day. Interview_13_MN.doc - 5:18 (29:29)*

However, ex-CEOs gave reasons of frustration with the Board of Directors, poor performance or being precluded from being able to make decisions as to why they had resigned from their position:

> *I think myself and the chairman weren't seeing eye to eye… So it got to a point where we started getting into arguments and so it was time for me to exit, so I negotiated a package, and left. Interview_10_JK.doc - 14:34 (52:52)*

> *I realised that my position as CEO was under threat or probably not tenable given that the controlling shareholders had lost confidence in me … I offered my resignation to them. Interview_3_CD.doc – 7:28 (70:70)*

> *I just at one point decided, is this something that I want to do or not. You know, if you're constantly overruled in your decisions, it doesn't matter what it is, I mean, it kills you, so I decided to leave. Interview_6_FG.doc - 13:35 (91:91)*

Other reasons given by ex-CEOs for tendering their resignation was that they were no longer making a meaningful contribution to the organisation, stakeholder conflict or that it was a result of being in the organisation for too long:

> *You've fought battles with various people. In my particular case, some members of my staff, some governments, some customers. You accumulate wounds, like any politician does, like the head of any organisation, after ten years. A decade is a long time, and there comes a time when you need to move on. Interview_15_OP.doc – 4.32 (20:20)*

I knew it was time to go, so but I really was loyal to the company, I've been there 17 years. Interview_9_IJ.docx - 5:51 (105:105)

One ex-CEO respondent gave his feelings of relief and sadness after he had tendered his resignation:

Driving to work and I thought, my God, can you believe it? I'm out of here. I was… it was… I felt a weight lifted. M*y biggest sadness in leaving was the people I'd left behind. I actually took strain going into peoples' offices and saying I'm actually leaving. Interview_2_BC.docx – 11:95 (367:367), 11:101 (399:399)*

4.1.2 Passing CEO position timing

Most of the CEO respondents had a definitive succession plan time frame of between eighteen months and five years as to when they would like to hand over the CEO position:

I've been thinking about the need for succession ... I have signed up myself for a contract which will expire in about 18 months, so we've obviously begun thinking about succession. Interview_15_OP.doc – 4:35 (20:20)

So, I mean, I am rolling out this five year plan, and then I'll see it to its fruition, and then I want to move on, you know. I should move on; you should move on. Interview_6_FG.doc - 13:65 (163:163)

Many of the ex-CEO respondents who had wanted to exit the organisation gave a limited time period of between two to six months for the organisation to find and appoint a successor:

I'm sure it wasn't even six months. It was shorter than that because we weren't seeing eye to eye, and I think once the decision's made to go, especially over conflict with…between the MD and the chairman. I think the general feeling was, certainly from my side, I didn't want to be there anymore. So I negotiated a good package. So I doubt it was more than two months, or something like that. Interview_10_JK.doc - 14:45 (68:72)

Board respondents commented on the short time frames that the CEO gave when tendering their resignation and the implications that this had on both the exiting CEO and the Board of Directors in finding a replacement CEO:

Six months, that's not a lot of time. Interview_8_HI.docx - 2:52 (111:111)

He was becoming frustrated by the fact that it took us a year to replace him. And (the CEO) did stay on for about 12 or 13 months until we'd managed to secure the services of (the new CEO). Had he not stayed on I think that would have made it somewhat difficult for us. Interview_12_LM.doc - 3:5 (17:17)

4.1.3 Finding a CEO successor process

In the three organisations that had succession plans in place, CEO candidates had been identified within and outside the organisation that would be appointed as the new incoming CEO on the resignation of the existing CEO:

I've certainly got one person in the business now that I think could be a candidate to succeed me. I'm in the process of putting a second one in, and I've got a third waiting in the wings. Interview_15_OP.doc – 4:38 (20:20)

I've always had a business partner who was able to take over from a competence perspective, she's ready and willing and motivated and keen. Interview_13_MN.doc – 5:10 (21:21)

The vast majority of CEOs interviewed had not yet identified any potential CEO candidate within the organisation and most of them gave themselves as being the reasons for this. These CEOs found themselves being too controlling or that any potential candidate was short on experience when compared to them:

I don't mind a leader emerging, and I've waited for that leader to emerge this year with me being out of the way. No one in the organisation percolated to the top and so the question was, am I a controlling bitch and I'm not allowing talent to come through? Where are the natural leaders and why aren't they announcing themselves? Interview_11_KL.doc – 8:103 (180:180), 8:65 (108:108)

I'm waiting for the right person to come. Maybe some of those guys that I mentioned, you know, there's growth. I'm comparing myself to…they're, on average, those people, they've been here ten years. I mean, I've been 25. I can't compare myself to them; it's not fair. It's not fair. Interview_4_DE.doc – 9:47 (180:180)

There were very different views as to whether or not the potential CEO successor should be advised that they were earmarked to be the future CEO of the organisation. Three CEO respondents felt it was important for future CEOs to be identified and to be advised of their prospects for both the benefit of the individuals and the organisation:

> *The market needs to know as well, you don't want this beauty parade. Interview_1_AB.doc – 6:71 (118:118)*

> *I'd like to think that there were three people in this company who are vying for my job and, come the time that I go, we would have… those three people would be on a short list. Interview_15_OP.doc – 4:72 (20:20)*

> *And he (the previous CEO) made it very clear when we did the initial interviews that this position is not a CFO position, it's really a position to grow into a CEO position because he doesn't want to be here forever. So I always knew that, and that was really appealing about this position. Interview_16_PQ.docx - 17:7 (25:27)*

However, the overwhelming response from CEOs and Boards of Directors was that they did not want to openly identify a successor candidate for a number of reasons. These reasons included the negative competitive conflict that this could create within the organisation, that the identified CEO successor's behaviour changed within the organisation, that once the CEO successor had been identified and advised that he/she might not want to wait out the time to take up the position and rather move to another organisation where CEO promotion might be sooner or that the Board of Directors might identify a more suited candidate for the position later down the line:

> *The interesting part was the succession was tearing my management team apart, strangely enough. So succession turned out with me telling all my managers that actually there isn't a CEO amongst you, sorry. You guys have got to get your heads around this. Interview_5_EF.doc - 12:95 (205:209)*

> *I'm happy with the progress we're making, but that works sometimes and that doesn't because more often than not what happens is the person gets to know that he's the one to take over and that in itself impacts on the person's behaviour I think, because you would then find the person becoming a bit anxious about it; will I be appointed or will I not be appointed. I'm next in line and one day he will say but this guy doesn't look has he's going to resign anytime soon, so often a conflict develops between the two people, not of*

anybody's making. Or the other is the person feels that I've got to behave in certain type of way to ensure that I do get in and so the person starts trying to ingratiate himself in ways that he doesn't have to, which often is off-putting than anything else and he's colleagues notice that and say well what is this guy up to, why is he trying to, you know. The other is that he now has an overinflated impression of himself and he actually applies for a CEO job somewhere else. You lose him or once he starts applying he'll go anyway, something will happen. So it's not always easy to work that kind of thing out. Interview_8_HI.docx - 2:31 (69:73)

It's extremely difficult to have a prince in waiting. Firstly, if somebody within an organisation is told that he is the chief executive elect that creates expectations that may not be realised. You may at some time in the future find that there is a person better skilled to deal with an organisation at that time in its history, because businesses go through life cycles. Interview_12_LM.doc - 3:22 (41:41)

4.1.4 CEO succession planning and corporate governance

It was found that not having a succession plan in place was worrying for both the existing CEOs and for the Boards of Directors in that it was often difficult to find a suitable replacement CEO with the necessary skills and experience required to fit the position:

(the CEO)'s position in that whole succession plan is most probably the most problematic and most difficult one, because the people below him needs growing before they will actually get his job – if they get his job at all, at this point in time. Interview_7_GH.doc - 1:10 (26:26)

Now you've got to look at what if something happens to him, we don't want to be in a situation where it will take us again more than a year to find somebody. So we need to have somebody who can slip in maybe easily, … so that if something happens to the CEO then this person could immediately take over. Interview_8_HI.docx - 2:30 (65:65)

One of the reasons given as to why there was no succession plan in place was that the existing CEO was not planning to leave the organisation in the near future:

But there was not a clear successor for me. And it was never set up that way, because actually, I wasn't planning on leaving soon, but yes, at one

point I just realised that this thing is going to kill me, and in more ways than one. So, they had difficulty to find somebody. Interview_6_FG.doc - 13:31 (87:87)

Another reason given for there being no succession plan in place within the organisation was that the ultimate exit strategy of the organisation was disposal and realisation of shareholder wealth:

I think our Board at some point in time will probably want to sell this business. I know that the shareholders at some point in time are going to want to exit. I think that's the reality of this business. So I'm sort of very clear in my mind that that could happen; it could happen next year, it could happen in two years' time, it could happen in five years' time. Interview_16_PQ.docx - 7:45 (157:157)

Some organisations saw succession planning as very much a thought process that was a time event, sometime in the future:

So the current succession plan is when I go…. the board will go through a selection process that will be between six months and a year. And that's the succession plan for me. Interview_5_EF.doc - 12:94 (227:227)

One CEO respondent had a clear view as to how she saw the succession plan to be. However, this was a theoretical plan as no successor had yet been identified:

What I've made very clear to REMCO, which is our board committee dealing with this, that this will be my successor in the future, so I mean, if I groom this person correctly, REMCO will recommend to the board that this person would be the new CEO. Interview_6_FG.doc - 13:85 (235:235)

Two CEO respondents gave their views that succession planning should be part of the strategic day-to-day business of the organisation rather than the governance process of the organisation:

Succession planning isn't something that should be left for later on, it should be part of the actual strategy of the strategic process, succession planning, and I don't believe in most companies it's not really part of the strategic process, it's more part of some governance process rather than something really of strategic value and importance. Interview_3_CD.doc - 7:45 (118:118)

> *We see it as part of the business, part of the day-to-day business, succession is a different part of the business. Interview_1_AB.doc – 6:68 (116:116)*

In considering succession planning, many respondents raised the issue of corporate governance and the role of King III in the process of succession planning. They found that both were lacking in terms of fulfilling the requirements of succession planning in terms of impact to the business and in being in conflict with Executive and CEO tenures:

> *We're very compliant with King III, but I think it's a very dysfunctional thing, I think it's a bit of a disaster, actually. We're embarrassed about it. Interview_1_AB.doc - 6:18 (102:102)*

> *So there's almost a dichotomy in that executives are being appointed younger, companies are being run by people who are in their early thirties. Large businesses are being run by very young people, and there's a conflict if you like between governance and tenure. Executive roles have to change, if not at the end of the seven year period most likely at the end of a ten year period. And those executives and/or chief executives have to move on, and/or reinvent themselves. Interview_12_LM.doc - 3:3 (13:13)*

4.1.5 Summary of CEO succession planning

From the respondents interviewed there was a lack of succession planning taking place in organisations. Succession planning was limited in that there might be a vague concept of what the plan was but no formal succession plans were evident in which a person had been identified and was being groomed to take up the position. Succession planning was event driven when the existing CEO resigned from the organisation and a successor had to be found. The exception was in two organisations where the CEO successor had been identified and advised. It, therefore, did appear that succession planning was not implemented in organisations and was left to fate.

Many of the CEOs interviewed found that it had been difficult to relinquish their positions. However, when the CEO resigned it seemed to be a spontaneous event which often left the organisation without sufficient time to find a CEO successor owing to the lack of succession planning in place. The Boards of Directors had found that the time period given in the event of a resignation was insufficient time for a replacement CEO to be found.

In the majority of instances, it was found that it was not appropriate to advice a potential CEO successor that he/she was the designated successor. This then also complicated succession planning in terms of how succession planning took place within an organisation if the designated successor was never advised.

Corporate governance around King III was not considered to be the major force behind succession processes in organisations. Two respondents found that succession should form part of the strategic everyday business of an organisation rather than compliance driven by King III.

4.2 CEO selection and appointment process

The selection of the CEO differed from organisation to organisation. In most instances, the selection process was driven by the Board of Directors. However, there were some instances where the shareholders of the organisation might have had a say in who would be appointed as CEO. Only in very few instances would the current CEO have a role in the selection and appointment of the incoming CEO.

In exploring CEO selection and appointment process, five themes emerged, namely, (1) insider versus outsider CEO appointment; (2) who selected the CEO; (3) CEO selection process; (4) newly-appointed CEO feelings regarding taking up the CEO position; (5) CEO's tenure length.

4.2.1 Insider versus outsider CEO appointment

In the CEO selection process, there was a lot of debate around the appointment of an insider or outsider CEO. Most CEO respondents favoured insider appointments owing to the appointment being less disruptive for the organisation and being able to preserve the culture and history of the organisation:

> *I think the most important part that I can think about succession inside our business is that, generally, it will be much better to recruit from inside because we have a unique culture, because we have a really unique operating environment. We would also take outside candidates and we would take the best but, obviously, there would be a lot of benefit to being inside the company. Interview_15_OP.doc – 4:37 (20:20)*

We're now wary of appointing outside CEOs, that process seems to be very, very disruptive in some cases. You can't just pop someone on the top; it's not going to work that way. Interview_1_AB.doc – 6:69 (120:120)

The strategic requirement of the organisation was considered when deciding to appoint an insider or outsider CEO. For example, an outsider CEO was appointed if the organisation required strategic change, and an insider CEO was appointed in order to continue with the existing strategy of the business:

So we were convinced that we needed to get an external candidate who would be able to take the business in a different direction because internal candidates, you know, will just do more of the same. Interview_8_HI.docx - 2:13 (39:39)

In order to appoint an insider CEO there has to be a concerted effort on part of the organisation to both identify the potential candidate and to groom the designated person for a smooth transition. But this was not commonly seen in organisations:

I think most controlling shareholders would agree that it's always better to appoint an insider, and to appoint an insider there has to be a deliberate and clear process of grooming someone and growing someone so that should something unforeseen happen to the existing CEO that there is somebody within the organisation, that could step into the CEO's shoes. But it's very rarely the case. Interview_3_CD.doc – 7:48 (138:138)

The appointment of an insider versus outsider was also dependent on the skills set within the organisation. If it were assumed that there was no successor candidate within the organisation, the Board of Directors would often look for outsider successor whether locally or globally:

… we needed to go global. We said we're not going to get anybody here, we don't have anybody, we couldn't find anybody in the world better than our guy and he was in the company. That's what happened, we actually couldn't. We looked at... interviewed people from France, UK, United States, and Australia everywhere and couldn't find anybody that was better than that. Interview_8_HI.docx - 2:64 (155:155)

4.2.2 Who selects the CEO

It was apparent from the respondents that the Boards of Directors were ultimately tasked with the appointment the CEO. It was found that the existing CEO might make a recommendation to the Board of Directors; but that the Board would have the final decision in the new CEO appointment:

> *The board was very familiar with him and it wasn't a controversial issue; there was some debate, it was debated quite, because there were a few candidates, but he was, it was debated, not because of King, because it's what you do, it's interrogated properly and so it wasn't a controversial decision at all. Interview_1_AB.doc – 6:65 (106:106)*

> *The Board needs to find that person that could fit – that's the job of the Board, to find that person that they know will set that strategy, buy into this industry, understand the business, become part of this business and actually have the passion for this business to grow, and stay with it longer term. So I think that's probably their key roles, to get that right person, that right CEO, that right… and that right CEO to get the right management in place. Interview_16_PQ.docx – 17:46 (51:53)*

The Board of Director respondents firmly had the view that it was their legal responsibility to make the CEO selection and appointment and that it was the most important decision that a Board of Directors would make during their term:

> *The board ultimately has that selection, you know, it's the board's decision by law. Interview_7_GH.doc - 1:34 (58:58)*

> *The appointment of a new CEO is probably the biggest and most important decision that the Board will make during its term and I think that's correct. It's the responsibility of the Board, the appointment of the CEO is the sole responsibility of the Board. Interview_8_HI.docx - 2:1 (27:27)*

The consequence of making the wrong appointment was very disruptive for the organisation as one Chairman noted:

> *Certainly in the current environment, if you make a mistake it can set the business back for many years and so it is a big decision that needs to be taken. Interview_8_HI.docx - 2:2 (27:27)*

Just as the Board had the responsibility to appoint the CEO so the Board also had the ability to dismiss the CEO. Owing to this relationship, all CEO appointments and term that were served were endorsed by the Board:

> *I serve by courtesy of the board, as all CEOs. Interview_15_OP.doc - 1:15 (16:16)*

However, a few CEO and Board respondents had the view that the shareholders of the organisation had an influence in the selection and appointment of the incoming CEO in order to mitigate their risk within the organisation owing to their majority shareholding:

> *I would say that, when I'm looking at who's going to run this business, I exclusively wear my shareholder hat. Interview_15_OP.doc – 4:58 (32:32)*

> *In my view the responsibility to drive succession lies with the controlling shareholders; in any business they're the people that are carrying the biggest risk, they are exposed and because they've invested in a company and they've invested significant amounts of capital, … so whilst the existing CEO might have a say or have some influence, ultimately the actual appointment and decision whether to appoint a particular person, in my mind, undoubtedly lies with the controlling shareholders. Interview_3_CD.doc – 7:46 (122:122)*

A further reason where a shareholder might have an influence in the appointment of the CEO was for reasons of diversification and employment equity:

> *In the South African context, I don't think the shareholders other than the (x) is very proactive. The (x) does, without a doubt have some political agenda, and we actually do feel pressure from time to time from the (x). So, there are pressures from them, and sometimes the pressure is not the right pressure; it's not commercial pressure. And we've seen them do it in other companies, and we're very conscious, as (the CEO) and myself, about that situation, so it gets managed very carefully. There certainly is pressure … where they go in it's not necessarily about the business. Interview_7_GH.docx – 1:36 (86:86)*

4.2.3 CEO selection process

The Board of Director respondents outlined the process undertaken in selecting an incoming CEO. Firstly, the Board of Directors would provide the scope of skills and experience that were required in terms of the CEO candidates. A nomination committee

would then be set up to screen and interview potential CEO candidates and to present the final selection to be interviewed by the entire Board of Directors:

> *Nomination committees normally have to keep it very quiet that look so and so could be... would make a good next CEO, let's make sure that she's getting the right kind of rounded experience, you know, maybe expose the person to this part of the business a bit more whatever it is, but keep it very quiet, that's what one would have to do. Interview_8_HI.docx - 2:32 (73:73)*

> *We interviewed all the final selection candidates, and there were about three or four or five, I think four, candidates. We interviewed them a number of times and they were also interviewed by the entire board. Interview_12_LM.doc - 3:10 (21:21)*

The Board of Director and CEO respondents gave their criteria in making the selection and appointment of a new CEO. These included the CEO candidate having the right skills set, the years of service in the organisation, being at the right place of the right time and having experience and passion for the industry in which the organisation operated.

A potential CEO candidate needed to have the right skills set that the organisation required for the position. These skills included leading the organisation, stakeholder relationships, people management, setting the strategy, being able to execute on the strategy and leadership skills:

> *So the question was, but would this guy be able to be the CEO? Now he's going to be in charge of 10,000 people working for him, you know he's going to have to run a whole EXCO, this is a committee of people with personalities, keep them motivated, keep them going and he's going to have to be in charge of, ... ultimately in charge of the operations, you know and those sorts of things. Interview_8_HI.docx – 2:23 (43:43)*

> *Effectively one has to determine what necessary skills are required to drive a particular business and strategy and to lead that execution, and you need to then look at the people you have around you and say, of these people, which is the best person with the required skills to lead the team and the business in terms of executing on our strategy? So it's about leadership and leadership skills. Interview_3_CD.doc – 7:54 (154:154)*

In some organisations, the CEO had been appointed based on the number of years that he/she had been with the organisation and his/her career development within the organisation:

> *I spent 37 years working for (the company) they wonder why I ever did that … then the opportunity came to run, to become the CEO of the company. Interview_2_BC.docx - 11:15 (59:59); 11:38 (131:131)*

A few CEO's commented that their appointment came about as their being at the right place at the right time and, therefore, it had been a natural progression for them to take up the position. This was usually following the resignation of the previous CEO or that they had a predisposition towards the industry in which the organisation operated:

> *So we landed up dismissing him (ex-CEO) for various reasons, and of course, that left a huge void, and I… it just seemed a natural takeover that I took over his role. Interview_10_JK.doc - 4:7 (22:22)*

> *And I guess I became CEO of (the company) because I'm more comfortable in the financial services game. So that's how I became. It was more serendipitous. Interview_5_EF.doc - 12:7 (27:27); 12:10 (29:29)*

Some CEO appointments were made based on the person's experience, knowledge and passion that he/she had for the industry in which the organisation operated:

> *I would think, in any business, that's what you need, somebody who's been there, done it, doesn't have to prove himself. Interview_4_DE.doc – 9:55 (204:204)*

> *Yes, strategic skills, passion. Interview_6_FG.doc - 13:68 (239:239)*

Boards of Directors set out instances where incorrect appointments were made in spite of the incoming CEO being an outsider appointment but undergoing psychometric testing and where the incoming CEO was an insider appointment with a strong track record. These were wrong decisions made by the Boards of Directors in that they were unable to predict the incoming CEO's disposition as CEO. Some of the outcomes of the wrong appointment were conflict within the organisation and disruption to the organisation:

> *…it didn't work out … it was the wrong decision we took the wrong decision we appointed the wrong guy. We went through like everything in the book what it says how you go through all the things you must do including a six*

hour psychometric test on the guy, everything. Interview_8_HI.docx - 2:45 (95:95)

… for one when he became CEO he couldn't work with his colleagues at EXCO. They couldn't all work together as a team, he immediately entered into conflict with his immediate reports which we didn't expect, we hadn't seen it he was an internal guy there had been no sign of it as such. He clashed with his FD, clashed with the shareholders, couldn't manage them. Clashed with the Board. Interview_8_HI.docx - 2:46 (99:99)

4.2.4 Newly-appointed CEO feelings regarding position acceptance

Many CEO respondents expressed a lack of confidence and self-doubt in being able to fulfil the position of CEO when they were first appointed:

The first time I was approached I then withdrew and said no, I didn't want to do it, and then they left me alone for about a month ……I suppose there was something inside of me that was… part of it was the unknown – could I balance what delivery I thought it would take? Because I believe that education is about people and people are hard work and they take time so could I balance that and achieve it. And was it worth the career path for the general outcome, satisfaction of a balanced life? Interview_14_NO.doc - 16:5 (27:27)

Was I prepared to take this risk? And in hindsight I shouldn't have been that risk averse…..and how I got around it was I said, you must second me here for a while. Interview_5_EF.doc - 12:125 (281:283)

Initially I said no; I don't think I'd be good for (the company). But what I did, I approached it completely differently; I didn't come for an interview initially; I said, no to the interviews, but I asked them to send me the company profile, what the financials look like. Interview_6_FG.doc - 13:39 (119:119)

4.2.5 CEO tenure length

Most CEO respondents regarded that the optimal tenure of a CEO should be between eight and ten years as after that there was a tendency to become stale and this impacted on the organisation's effectiveness:

> *There's a tendency, in all organisations, to think that you should be there for life, particularly in an African context, and I think that my own view is that ten years is enough. At ten years you become stale. Interview_15_OP.doc – 4:31 (20:20)*

It was the view of both the CEO and Board respondents that too short CEO tenure could similarly be very disruptive to the organisation and could destroy organisational value:

> *If you've got a new CEO every two years it creates a lot of disruption. Look, unless the CEO is really rubbish you know, and he destroys value, then obviously you have to get rid of him. But I think as long as your CEO can drive the business, grow the business and be passionate about the business, I think you'd probably want to keep them around. Interview_16_PQ.docx – 17:50 (53:53)*

4.2.6 CEO selection and appointment process summary

In the majority of cases, the incoming CEO was selected by the Board of Directors. However, the major shareholder might influence the appointment of the CEO. In addition, the current CEO usually had very little influence in the CEO selection process.

Even though insider CEO selection was preferable, it was often the case that there were no potential CEO candidates within the organisation. Boards were then forced to consider outsider CEOs in terms of the selection process. The appointment of an insider or outsider CEO was dependent on the skills set within the organisation and the future strategy of the organisation as determined by the Board of Directors.

In spite of all the interviews that the Board of Directors might have had with the CEO and all the testing that might have been carried out, the appointment might still be the incorrect appointment for the organisation. It appeared that the CEO appointment was based on having the correct skill set and being at the right place at the right time.

4.3 CEO transition process

The CEO transition process was explored from two positions. Firstly, what the CEO respondents experienced when they were initially appointed as CEO of the organisation and, secondly, how the CEO respondents envisaged handing the position over to the incoming CEO. This section reviews the uniqueness of the different transition processes in organisation.

In exploring these two themes, two transition processes emerged, namely, the unplanned transition and the planned transition. In the planned transition process, the period of the transition process was explored as well as the continued role that the outgoing CEO would have in the organisation.

In spite of whether or not there was a succession or a transition plan in place within the organisation, all CEO respondents interviewed stated that should anything unforeseen happen to them, the organisation would be able to function well without them:

> *I'm very happy, if I'm not here tomorrow, this business will continue. Interview_4_DE.doc - 9:58 (204:204)*

> *We're now at a stage that I can say to you, if I leave tomorrow, the business won't fall apart – it won't. Because the middle management structure, it would be business as usual. Interview_6_FG.doc - 13:63 (163:163)*

4.3.1 Unplanned transition process

The majority of CEO respondents found that when they were appointed as CEO there was not any or a very limited transition process that took place between themselves and the exiting CEO. At most, the transition period was very short or none at all:

> *It was really short. I think you kind of just have to step up to the plate. You get to that position where you know you're not… there is nobody else, you have to… the buck stops with you. Interview_16_PQ.docx - 17:12 (35:37)*

> *I think it was a difficult situation, she left through a disagreement so I think where I was fortunate is that she'd left and they didn't find who they felt would be the right person and so it left a year's gap. Interview_14_NO.doc - 16:17 (51:51)*

Many of the respondents gave the reason for there being a very limited transition process as the incoming CEO wanting to create his or her own leadership style and vision for the organisation and not wanting the outgoing CEO's view or opinion on the strategy or vision of the organisation:

> *There was no particular handover of process, there wasn't a formal handover process. It matters very little in my opinion what the outgoing CEO thinks, what he believes the vision is, what he believes should be done, is of little relevance, the key issue is the vision as determined by the controlling*

shareholders and the new CEO, that's all that matters. The old CEO and how things were in the past is of very little relevance, I believe. Interview_3_CD.doc - 7:33 (86:86)

A further reason given for there being no transition process was that when a CEO resigned suddenly there might not be a replacement CEO in place to do a hand-over:

Had I not left suddenly, you know, the other guy could have been groomed a bit and so on, but I left suddenly. Interview_2_BC.docx - 11:104 (409:409)

4.3.2 Planned transition process

Three CEO respondents had a planned transition process in place where they saw themselves as being involved in the transition process and the handing over of the organisation to the incoming CEO. Most of these transitions involved their being intimately involved with the incoming CEO for a period, working closely together and gradually relinquishing specific roles and duties to the incoming CEO before completely stepping aside:

I see that as me being in the driving seat for the period that I'm in the handover. I see that literally working side by side by somebody in the same office, starting to hand over pieces that are easier and easier. I see, eventually, there coming a point that says, today you are in control of the business, and I would stay a month after that to be asked questions of and not really be sitting around but come in once every few days, if they were having problems with a decision or didn't quite know where something was. And then I imagine, one day, just disappearing and saying, I'm not available, you're on your own, get on with it. Interview_15_OP.doc - 4:63 (52:52)

He's taken on a lot of roles, so we work closely together, so he's actually largely already taken over those roles, so I can do, I used to do a lot of what he now does, so I've withdrawn to a large extent. Interview_1_AB.doc - 6:28 (37:37)

These CEO respondents viewed the transition period varying from twelve months to even years in order for the incoming CEO to fully understand the business of the organisation:

We're in the process of that handover now; we're in the thick of it, and have been for a year. Interview_13_MN.doc - 5:29 (45:45)

So, this 18 month period really allows them to get to understand (the organisation). Interview_15_OP.doc - 4:70 (56:56)

It took a couple of years as he got familiar with them and took them over. He's actually, in running those operations, he's a lot younger, he's got much higher energy levels and he was, he's actually probably better strategically. Interview_1_AB.doc - 6:28 (37:39)

One CEO respondent saw that once a successor had been identified and appointed that the transition period would be a short period of six months with the possibility to consult for a longer period if required:

I would be prepared to work with them for six months, I guess and I would be prepared to consult with them for longer if they wanted. Interview_5_EF.doc - 12:98 (233:233)

4.3.3 Outgoing CEO's future role within the organisation

There were different views as to the future role that the outgoing CEO would have in the organisation. Some respondents were of the view that their future involvement in the organisation would be counter-productive to the role, vision and strategy of the incoming CEO:

No, I don't think so, no, not…very deliberately, because of what my lessons learnt with previous organisation where I sat on the board. I deliberately blocked a lot of these things. But then I realised, you know what, I actually make it difficult; I'm making it difficult for (the organisation) and I'm making it difficult for myself, because what he was doing was not what I…my vision was for (the organisation), and he is the new CEO, the board can guide or it can…but no, we were not seeing eye to eye, so I in the end said, look, let's call it quits, so I resigned from the board. Interview_6_FG.doc - 13:91 (267:267), 13:20 (59:59)

CEO respondents who had a vested interest in the organisation, as a result of a shareholding, found that their future involvement in the organisation would continue. However, their role would a very different to what they currently had in the organisation, and probably holding a position on the Board of the organisation or playing a purely strategic role:

So my involvement in meetings, especially at the top-end will be ongoing, and for me as a business owner. Interview_13_MN.doc - 5:34 (55:55)

I've thought about carving myself out a role which can add value to the company without treading on the toes of the CEO. I still want some executive responsibilities. Interview_15_OP.doc - 4:50 (28:28), 4:65 (52:52)

I think that as long as I'm always associated with it and I can still do my research through it and I'm part of its future. I don't have to lead its future but I would like to be part of it. Interview_11_KL.doc - 8:123 (250:250)

The Boards of Directors might ask the outgoing CEO to continue to serve the organisation in the capacity as a Director to retain the intellectual capital of the organisation to ensure continuity. This might not always serve the best interests of the organisation:

He just resigned about ten days ago I think, but he remains with the Company in that he's already been asked to serve as the non-executive director after his term is over. Interview_8_HI.docx - 2:53 (123:123)

Originally they asked me to stay on the board, okay, as a…to keep some of the intellectual capital and just the institutional memory alive, because not everything is on paper. A lot of it's in your head, so I stayed on the board for probably about eight months, but I found it difficult for both me and (the incoming CEO), because I have a specific way and a specific vision of what (the organisation) should have been doing, and he had a completely different view. Interview_6_FG.doc - 13:18 (55:55)

4.3.4 CEO transition process summary

Based on the findings on the CEO transition process, it appeared that in most organisations there was no or very little hand over between the incoming and outgoing CEO. Three CEOs had a more detailed and planned process as to how the transition process should take place and the time frame that the hand-over was likely to take.

Many CEOs stepping into the position as CEO in an organisation also experienced that there was very little or no hand over that took place between them and the outgoing CEO.

Most of the CEOs found that it was in the best interests of the incoming CEO and the organisation as a whole that they did not have any continued involvement in the organisation in the form of a Board position. Their view was this had the potential to create conflict with the incoming CEO who might have a different vision or strategy for the organisation than they had. CEOs who had a vested interest in the organisation would continue to have a future role in the organisation either strategically or hold a position on the Board.

Finally, it was at the request of the Board of Directors that the outgoing CEO would be appointed to the Board.

4.4 Incoming CEO challenge experiences

The incoming CEO faced many challenges stepping into the organisation. Some of the greatest challenges found by CEOs were around the growth strategy, the continual requirement for improved profits, managing people within the organisation as well as managing the shareholders, stakeholders and the Board of Directors or Chairman and maintaining work life balance.

These challenges are explored in paragraphs below.

4.4.1 New CEO strategy and vision setting challenges in existing organisations

Many CEO respondents who were outsider appointments found that stepping into an organisation with its existing history, culture, ways of managing people and doing business was a challenge. This often made the setting of a new vision and strategy for the organisation difficult:

> *I think when you start an entity, yes, it's got challenges and it's tough and everything, but you can almost structure things to suit you over a period of time, isn't it? It's your influence that goes into that, so you make it what it is. Whereas, to come into an existing company like this, it was tough; it was really tough. Interview_6_FG.doc - 13:43 (127:127)*

> *I think when you take over the position of CEO of any business, there are always a number of challenges and I think the biggest challenge is that as a CEO, that you need to have a vision for the business. Interview_3_CD.doc – 7:7 (28:28)*

> *So I set about changing that whole culture, which was difficult, because when you're taking staff out of a totally autocratic environment into a much more democratic environment where they're got to think for themselves and be proud of what they're doing, and make decisions, it's a very difficult transition for them, because they're kind of used to being beaten about to get things done, and you don't step left or right without asking the boss, kind of thing. Interview_10_JK.doc - 14:14 (26:26)*

The setting of the vision and strategy was seen as the responsibility of the incoming CEO and at times very little input was provided by the Board of Directors as commented by both CEO and Board of Director respondents:

> *In the case of (the organisation) one of the very first things that (the CEO) did after having immersed himself in the business, its culture and the key role players, was to develop a strategy, present it to the board, have that approved, and then there was absolute clarity of focus. Interview_12_LM.doc - 3:14 (25:25)*

> *I mean the Board didn't know what changes needed to be brought; all it knew was that things needed to change. Interview_8_HI.docx - 2:20 (41:41)*

> *They said they wanted me to grow the balance sheet to a billion, and how I do it, you know, that's my responsibility. Interview_6_FG.doc - 13:42 (127:127)*

One CEO respondent pointed out the challenges in implementing a particular strategy and having the necessary resources available to deliver and execute the strategy:

> *The one thing I've learnt is that it's one thing having a particular vision and strategy, and it may be a very good vision and strategy, but it's a completely different thing whether one has the necessary resources and requirements in place to actually deliver and execute that strategy and vision. Interview_3_CD.doc - 7:34 (90:90)*

In spite of the challenges that the incoming CEO experienced, the Board of Directors might have little leniency in the time frame, being three months, that the CEO had in terms of settling into an organisation and coming up with a vision and strategy in the stipulated time frame as one Board respondent commented:

The whole process of strategy and the dynamics of the role really is something that has to be personalised. And that process probably takes another three months. Interview_22_LM.docx – 3:13 (25:25)

4.4.2 Challenges with shareholders and investors

Both CEO and Board of Director respondents found that the shareholders or stakeholders in the organisation could be demanding when it came to delivering on a given growth strategy and vision for the organisation regardless of what view the CEO might have as to the vision and growth strategy of the organisation. In these instances, the CEO had to fulfil the requirements set out by the shareholders or stakeholders in the organisation even though they might have been against it or that it meant adopting a new strategy:

(The shareholder) decided that, now we have to grow… they had decided we have to now find ways of earning foreign exchange. So I was against it, but I had to do what the Board wanted and I understood the need for it and I realised it had to happen. Interview_2_BC.docx - 11:64 (255:257)

Investors were beginning to say that we've run out of ideas, that we didn't know what to do, we don't have a next move planned. Through the questions that they would ask and even through investor reports and the analysts' reports, they would say to potential investors, you know it's okay but don't expect anything exciting to happen, don't expect your money to grow much because these guys don't have a lot of ideas. It's not clear... you know they don't know what their next move should be. Interview_8_HI.docx - 2:11 (33:37)

The shareholders could be very demanding on the performance of the CEO in terms of achieving organisational profitability and improved performance even to the point of having a conflicting relationship with the CEO. For example, this demanding expectation of a Founder CEO and shareholder was expressed when discussing the role of the future CEO:

I don't care how much conflict they have with me. What I'm looking for is, are they going to make… are they going to grow the value of my shareholding? And the only reason for me to interfere will not be about ego; it will be about, are they doing something that isn't adding more value to my holding. I will be a very ruthless shareholder in that regard. I'll want to know

each year, what's your target? If you make your target, I'll say nothing. If you're not making your target, I'll say something. I'll act like a shareholder. Interview_15_OP.doc – 4:57 (32:32)

4.4.3 Challenges in carrying out the growth strategy

The performance of the organisation often vests with the CEO and the CEO's success or failure is measured through the delivery of improved profitability in the organisation. As a result, many CEO respondents found that the growth of the organisation to be one of the greatest challenges they faced as CEO as they lost the intimacy and informality of a small organisation. With the growth of the organisation, the organisation had to become more corporatised and this changed the structure and culture of the organisation from being flat to hierarchical:

Basically, we were a little family. Suddenly you have 200 people and you have to have a mission and a vision and organograms. From this flat organisation we became this layered… It was horrible. We mourned the loss of this nimble little organisation. Now we became this mature organisation with strategic plans and large, all these things about meeting people and telling them how good you were and giving them a bonus. Interview_11_KL.doc - 8:42 (76:76)

So the challenge was put to me, as the CEO, to come back with a plan that said how we were going to treble in size. We were already at a point where I was battling to get my arms around properly the way I would like to run a company, and that is to know everybody and visit every site and really feel it. Interview_2_BC.docx - 11:65 (257:257)

4.4.4 Challenges in meeting continued profit performance

CEO respondents of listed companies found that it challenging that they were continually required to deliver improved profits every quarter or six months. They commented that in order to chase improved profits continually the development of a long-term organisational strategy was sacrificed and this meant that it was difficult to focus on the future of the business. In addition, this often led to the wrong decisions being made:

We then became part of a listed company and the dynamics are very different, so they're chasing quarterly earnings at the expense of strategy… Interview_9_IJ.docx - 15:20 (45:45)

They had made a commitment to the shareholders that (the company) was going to be 50% dollar-denominated earnings in three years' time. In order for that to happen – the only way that that could happen was (the company) would have had to be three times the size, because you can't grow that fast – three times the size! Not 30% bigger – three times bigger. Interview_2_BC.docx - 11:125 (269:269)

It's not that simple and it's not that pleasant to be in these listed environments. It has its own problems, including chasing profits every six months, instead of looking after the business. You know, you're actually trying to satisfy the analyst market, you make decisions which are often for the wrong reasons. Interview_10_JK.doc – 10:20 (120:120)

4.4.5 CEO challenges on making decisions and consequences thereof

Newly-appointed CEO respondents found the initial decision-making responsibility to be challenging in that they did not have anybody to rely on in terms of making a decision. Without having someone to talk to regarding the problem at hand, meant that they would have to self-reflect on the decision-making process and to just make the decision and hope that the decision would be the correct decision:

That was quite scary in the beginning because I always had this person that I could go to, you know; if there was something I wasn't 100% sure of you always knew that there was that sounding board, and suddenly that was gone. So, ja, there were some interesting things. I mean, I think that was probably the scariest moment in history – making… what do I do if I make the wrong decision. Interview_16_PQ.docx - 7:11 (29:29)

And so conversations with yourself as you sit quietly and you think things through. You've actually analysed the thing. You've got competing... or tensions in principle that you have to grapple with, and then you have to decide. And when you decide you mustn't second guess yourself. And those kinds of conversations are important. Interview_5_EF.doc - 12:126 (283:283)

4.4.6 CEO challenges in managing people

Every CEO respondent commented that a key responsibility of the CEO position is people management. However, people management was also a major challenge for

many of the CEO respondents in terms of having the right suitably-qualified team to work with and having an effective middle-management team in a fast-growing organisation:

> *Along the way there are always challenges and I think the single biggest challenge is around people, having the right team of people, a suitably qualified and competent team that you can trust and rely on, and I think that's actually the biggest challenge I had in my position as CEO. Interview_3_CD.doc – 7:11 (32:32)*

> *So even though we ran a lean organisation and we were also a group that was growing very fast and one of our biggest challenges was middle management. Interview_9_IJ.docx - 15:12 (35:35)*

CEOs appointed into existing organisations found other difficulties in managing such as not taking over from management and also having to retrench people:

> *You need to be very careful when you deal with people in an existing organisation. It was difficult for me in the beginning not to take over; I wanted not to take over. Interview_6_FG.doc - 13:53 (151:151)*

> *In six months I retrenched 12 people so that for me that was emotionally… and it was a very difficult thing to do. Interview_14_NO.doc - 16:12 (39:39)*

4.4.7 CEO challenges in managing Boards of Directors, shareholders and stakeholders

Some CEO respondents identified the challenges they experienced in managing the external influences on the organisation, specifically, the shareholders, investors and stakeholders of the organisation and the lack of alignment between all stakeholder interests:

> *I don't think everyone's interests were aligned and which was frustrating. Interview_9_IJ.docx - 15:37 (93:93)*

As part of the position of CEO was to manage the Board, this sometimes could be a difficult role that the CEO had to fulfil especially if he/she had a very difficult group of Directors to manage:

I always tell CEOs you've got to manage the Board. It's your job to manage the Board. Sometimes you get a board of directors who just can't be managed. Interview_8_HI.docx - 2:49 (103:103)

4.4.8 CEO challenges balancing work and life

Many CEO respondents commented on the personal challenges of being CEO and balancing work and family. This was common in both male and female CEO respondents. It was often the conclusion that there was no such thing as work-life balance and often family life paid the penalty for the hard work, long hours and travel that was often required as the CEO of an organisation:

I think one of the other leadership challenges I have, you've actually got to do a few things well in life. I found it very difficult to run this business, to play the role in the family, my family that I do do, and do sport. And you have to get balance in life. At the end of the day often it's your family that, kind of, sucks the hind tit, as it were. I mean, you are so busy that you actually don't get the time to see the wood from the trees. So you can become too far removed because you're so busy. Interview_5_EF.doc - 12:84 (191:191)

But it was tough; I think at a number of different levels, at that point in time, it was…not that I'm averse to hard work, but this, I mean, it took four years of my life where I worked 24-7, weekends, evening, with the time differences I worked mostly at night. My son he was just going into standard nine, and I was never at home with him, so it wasn't a good thing. It wasn't good for me personally; it wasn't good for my family. Interview_6_FG.doc - 13:34 (91:91)

You know, there's no work-life balance. If you want to be a leader of an organisation, if you have a work-life balance, it's not going to work. Interview_14_KL.doc – 8:67 (110:110)

4.4.9 CEO success stories

However, there were many success stories that CEO respondents shared and their achievements whilst they were CEOs of the organisation. Most of the success stories were focused on achieving considerable growth in the organisation through improved share price or growing the organisation to being the leading company in the specific industry:

In the first year I took over, share moved from 10 cents to 90 cents, and we achieved top performing status on the stock exchange for that year, on a one year performance history, which was quite something…. it was quite an achievement. In fact, the second year of operations, after I took over, we came second on five year history, because of the growth of the share price. And we got the share price fairly quickly up to R13 a share, and we landed up with several hundred million shares in issue, and we had a market cap, from the R20 million when I took over, we came up at about, in those days, about R1.5 billion. You know, so we became a big player, very big player. Interview_10_JK.doc - 4:20 (32:32)

And then I built up over ten years (the company) from very small to the biggest building company in South Africa the top building company at the end of that ten year period. Interview_2_BC.docx - 11:34 (129:129)

Success was also achieved when a loss-making organisation turned to profit as one CEO respondent commented:

We built a good book and it's easy for us to say it now we know what we know, we should have been. I was paranoid with the fact that we were making operating losses. I remember the day, the month, December 2004. We made our first operating surplus as we were an NGO at the time. Interview_5_EF.doc – 12:12 (113:113)

One CEO commented that her success was measured by getting various stakeholders to buy-in and support the underlying business proposition:

It was tough, I must be honest; it was…because we had to sell to both politicians and the banks, this idea, so a lot of proposals and a lot of submissions. I mean, it took me probably about three or four years just to get people to understand the concept. So, it was very tough to get people to understand this, but yes, so I did that, as you know, quite successfully. It was fantastic; it was really, really great. Interview_6_FG.doc - 13:15 (19:19)

4.4.10 Summary of challenges experienced by incoming CEO

CEOs faced many challenges in their role as CEO. For example, incoming CEOs experienced challenges in taking up the position as CEO in an existing organisation,

managing people within the organisation and the continuous pressure in delivering improved profit performance.

Even though the success of the CEO was ultimately measured through the delivery of improved profitability, the CEO also found other measures of success in terms of employee satisfaction and overall growth of the organisation.

4.5 CEO support structures

Most CEO respondents in discussing their various roles, responsibilities and challenges identified the need to have some support structures to assist them in fulfilling their position as CEO of an organisation. This section explores (1) the formal and informal support structures, if any, that the CEO received during his/her term; (2) the support role that the Chairman provided to the CEO and (3) the support role that the CEO required from the Chairman.

4.5.1 Formal and informal CEO support structures

Some CEOs received support either formally through consultants, coaches or the Board of Directors or informally through obtaining advice from leaders within the industry. The kind of support that the CEOs included was advice on structure, finance, operations and strategy:

> *There were a few guys that I did consult with. When I took over the job I spoke to a guy. So I went to him and I said, okay, well, you know – got some opinion from him. So we spoke about the way it was structured – the different branches and who the people were that were on my board. And we would go through each one of them – what sort of a guy is that guy? Interview_2_BC.docx - 11:52 (183:191)*

> *What I do a lot is to ask for advice; I'm not too shy to ask for advice. So I speak to (P J) a lot, so I have people that I go to for advice, my coaches. So, I still get advice, so, if I don't know how to deal with a specific situation, I ask, you know. So, I've got people who give me advice on the finance side, and on the organisational side. So I ask for advice, which I think is the difference between males and females. You know, I'm not shy about asking advice. Interview_6_FG.doc - 13:55 (155:155)*

He spent quite a bit of time with me. He spent time one-on-one with all the directors and spent some time with me subsequently with planning as well as giving strategic advice, coaching. Interview_9_IJ.docx - 15:11 (31:31)

Those CEO respondents that did not receive any support structure felt that they had made mistakes in their career and in leading the organisation. This was a result of their not having a support structure that they could rely on to offer them advice or guidance with regard to particular issues that they were experiencing in the organisation:

If I perhaps had mentoring or coaching from a more, an experienced executive or businessman at the time, who was mentoring and coaching me, it would've, we could've possibly have avoided this crisis that I found myself in. So, you know, if I had a seasoned businessman who was coaching me, I would've hoped that the seasoned businessman would've said, right, (R), great strategy, great plan, but do you have the right people with the necessary skills and the experience to execute that plan, and not just to ask that question, but focus on the key areas of function and requirements that would deliver the strategy. Interview_3_CD.doc - 7:37 (94:102)

4.5.2 Chairman as CEO support

One Chairman respondent summed up his role to the CEO, both from a personal perspective and from the organisation as a whole. The Chairman saw his role in assisting the CEO to manage three relationships in the organisation; the first being the employees within the organisation, the second being the Board of Directors and the third relationship being that of the shareholders and market influences. The Chairman's role in supporting the CEO was also to ensure that the CEO focused on the important aspects of the organisation and to delegate the non-important aspects to other people within the organisation:

A Chairman is supposed to meet with the CEO from time to time, how are you? Are you okay? Check whether the guy seems to be overworked and he's about to crack or you've got to make your own mind up about that, so did you pick it up early enough and check that he's spending his time on the things that he should be spending his time on. You know because anybody can get a bee in their bonnet about a certain issue and spend enormous amounts of time on something which really isn't that important and neglect the important stuff... it's just a human thing it happens to anybody, so you've got to check on those sorts of things and say but don't you think you should

just delegate that to somebody else, just why are you even bothering with that, just don't bother with that just leave it give it somebody and say sort it out do whatever you want to and then it's out of your hair. Interview_8_HI.docx - 2:33 (77:79)

I think you've got to tell your CEO what the Company looks like in the media and what the reputation of the Company is and what needs to be done about that if there's a problem with that. You've got to assist a CEO in dealing with stakeholders, you will talk to your CEO to see to it that he's dealing with stakeholders properly, so and often it's regulatory authorities and the JSE and because you've got to be in the good books of all of these people. So you've got to make sure and just how to do.., I think it helps if the Chairman is somebody who has a wider experience than the CEO. So the CEO will have more knowledge of running the Company, of running companies, the process of making money and whatever else, but the CEO wouldn't have experience of a whole number of different types of businesses. Interview_8_HI.docx - 2:36 (83:83)

The Chairman could also play the role of a mentor to a newly-appointed CEO:

I have a particularly warm relationship with (the CEO). I suppose the word... a mentoring role would be applicable, more so in the early months than later, in that I'd been involved with the organisation from inception and also because I have been a chief executive of a large conglomerate. And we connected, (the CEO) and I. Interview_12_LM.doc - 3:16 (29:29)

Mentorship to a CEO included being a sounding board, giving the CEO advice around strategy, assisting in the orientation of the CEO into the organisation in terms of understanding the culture and history of the organisation:

A lot of the stuff is a sounding board role. It's really about perhaps asking the likes of a mentor how you would... how the mentor might suggest certain things are best dealt with, a view on particular matters some of which are strategic, others might well be relatively unimportant in the greater scheme of the business. But they matter in the early months more so, as to the executive's initial entrenchment within the organisation and the adaption to the culture and the modification that needs to apply in terms of changing that culture, because a culture is really a product of both history and a need to view things differently. Interview_12_LM.doc - 3:18 (33:33)

4.5.3 Support CEO requires from the Chairman

Many of the CEO respondents wanted stronger, more strategic relationships with the Boards of Directors and the Chairmen of their organisations in terms of assisting in decision-making and challenging the organisation's strategy instead of just pushing for increased growth and profit performance:

> *So initially engaging with him was terribly exciting because I was having the kind of conversations I like having but that's not the role of the Chairman, so what was happening, I was having 50 minute conversations but I wasn't getting the comfort of the decision-making and the directive that I needed because actually I could have had those conversations somewhere else. Interview_14_NO.doc - 16:34 (135:135)*

> *Very little, I mean he was... a difficult character, he spent most of his time fighting the biggest fire, … he kind of left us alone so the conversations were more around how much more can you squeeze out of the... something you've already squeezed. Interview_9_IJ.docx - 15:32 (87:89)*

> *We were just focussed on growth and almost growth at any cost, actually, so there wasn't anybody on the board or any shareholder representative challenging our strategy or saying, okay, it's a good strategy but what are the areas that we need to plug, are there any holes in this strategy, what are the things that we must be aware of, how are we going to approach this, so there wasn't that challenging process that would've been very helpful. Interview_3_CD.doc – 7:39 (98:98)*

One CEO respondent saw the role of Chairman as a supporting role, somebody that would be there for the CEO as and when required and that would back the CEO in the decisions that they made:

> *I would always find he was concerned about my wellbeing. He never said too much but he believed in all we did. He always used to say to me am I comfortable with my decision? Am I clear? And if I was he would always be behind me in that and work through it with me and then let me run with it. And if I really needed support, he was always willing, so it was for me to get on with it on my own but if I said I need you in a room, could you come and sit alongside, he would always do that but it was when I needed it, not when he decided I needed it. Interview_14_NO.doc - 16:34 (131:131)*

This view of the supportive role that the Chairman should provide to the CEO was supported by a Chairman respondent:

> *So in a sense the CEO needs to feel a bit unconstrained knowing that if I'm really wrong the Board will pull me back. Interview_8_HI.docx - 2:72 (197:197)*

4.5.4 Summary of CEO support structures

Support roles for the CEO were important. For example, many CEO respondents found support roles from within the organisation in the form of a Chairman or Board Director or, externally, through a coach, mentor or business persons within the industry.

In contrast, those CEO respondents who had not received any support battled in their role and responsibility as CEO.

4.6 CEO coaching and mentoring

Many of the CEO respondents spoke about the people in their lives that had supported them and who had an influence in making them the person that they were today. Many of these support people were immediate family, but some CEO respondents relied on coaches, mentors or the Chairmen of their organisations.

4.6.1 CEO coach or mentor benefits

In one instance, the Board of Directors recommended that a newly-appointed CEO be coached in the position in areas where he/she lacked the necessary experience for the position:

> *And so one of the things that the search committee had said... or the nominations committee when we did decide to appoint him is that we've got to ask him to get a coach because there are places... there are things that he doesn't have experience on and he will need some sort of coaching and then we appointed him. Interview_8_HI.docx - 2:24 (45:45)*

CEO respondents who had mentors or coaches indicated the value that they had extracted from the coaching or mentoring relationship which included business skills development, business ethics, the importance of honesty in business and/or problem-solving. The coach or mentor instilled confidence in the CEO and the CEO required the coach or mentor to take them to task on issues that they felt were not handled correctly:

So I…he taught me about location, location, location, location; we forget about it today. Something else is management; I also learnt that from him. Unscrupulously honest – I think that when you do funny deals, it's not sustainable, and you just push out, every time, into unconquered territory. Interview_4_DE.doc - 9:15 (50:54)

I have a professional coach that I go and see. But the beauty about a coach is they don't tell you what to do, you know. So, I would go to him with a specific problem and he would say to me, why did you react the way that you did, and he would call me on it if he thinks that I'm buggering things up; and that's what you need from a coach. They shouldn't, you know, have soft step, sort of, what is it, step softly, around you; they must call you if they think that you're doing not the right thing. Interview_6_FG.doc - 13:56 (155:155)

I've been very fortunate in my life to have probably three major mentors that I have. One was the CEO of the company that I left - he is a very shrewd businessman; incredibly bright individual, very driven; very ethical in our industry. I learnt an incredible amount of business over a ten year period he was quite influential in my life. Then I spent quite some time with a friend, who's a business coach, more inside of a life coach really, rather than business coach. I've spent a lot of time with a friend, he's an old-school stockbroker, ten years older than me – and a lot of experience in the field which is new to me which is the asset management. Interview_13_MN.doc - 5:38 (85:89)

One CEO used the services of a psychologist to discuss business-related matters. He felt that having someone who could listen to him and that he could use as a sounding board assisted him in being able to solve the specific matters that he was dealing with and, in so doing, he was able to achieve clarity on the issue at hand. This enabled him to consolidate his thought processes and enabled him to make better business decisions going forward:

At one stage decided to start seeing a psychologist, and I tried to be very selective of who I could find, and didn't go to the psychologist because I had mental problems, I was… I felt I needed to have someone to sit and debate what I was trying to achieve in (the organisation) in those days. And I think that's probably, for me, as a mentorship… Well, I can't say mentorship, because it wasn't like he was more senior to me, but he gave me a sounding

board, and while I was paying him, obviously, for his consultation, he was quite a bright guy, and for me to sit with someone and tell him, look, there's this… you know, I want to do this, but these are the three options that I… you know, you were almost kind of sounding yourself out and getting your own thoughts onto the table, but the fact that you've got somebody who had no interest in, you know, direct interest in what you were doing, I would probably say to you, and it may sound odd to you, but I, kind of, I think, used that as part of my technique to get my own thoughts on the table, because as I say, at that point, I was… I took over as MD of (the organisation), and you know, we really were a nothing, nothing company, and we turned around very, very quickly. Interview_10_JK.doc - 10:42 (198:198)

There were a few respondents that did not hold the view that coaching or mentoring was effective as a means to groom a person and that if used incorrectly coaching or mentoring might not be successful in achieving the deemed result:

You know, it's a bit of a fiction; I think of grooming somebody. Interview_7_GH.doc - 1:18 (38:38)

I saw it a bit at the bank, largely unsuccessful because it was less of a natural, more a forced process, which doesn't seem to be as successful. Interview_1_AB.doc - 6:50 (71:71)

4.6.2 CEO coaching and mentoring summary

Most CEO respondents had benefited from the support from third parties with whom they could have private conversations with that helped them to work through the organisation strategy, management of people and life-work issues. Those that experienced this support felt it to be highly-beneficial.

4.7 CEO turnover in the JSE Top 40 Companies

As part of the research process, the top 40 JSE listed companies were analysed in order to determine the circumstances that lead to a CEO change, whether the new CEO appointment was an insider or outsider, what the succession and transition period was between the outgoing CEO and the incoming CEO and when the announcement was made regarding the CEO change. The outcomes of these findings are set out in Appendix F.

4.7.1 Reasons for CEO turnover

Most CEO turnover came from the retirement of the existing CEO. However, the resignation of CEOs before the end of the term was the second highest reason for a change in the CEO. The reasons for a change in CEO position are illustrated in Figure 13.

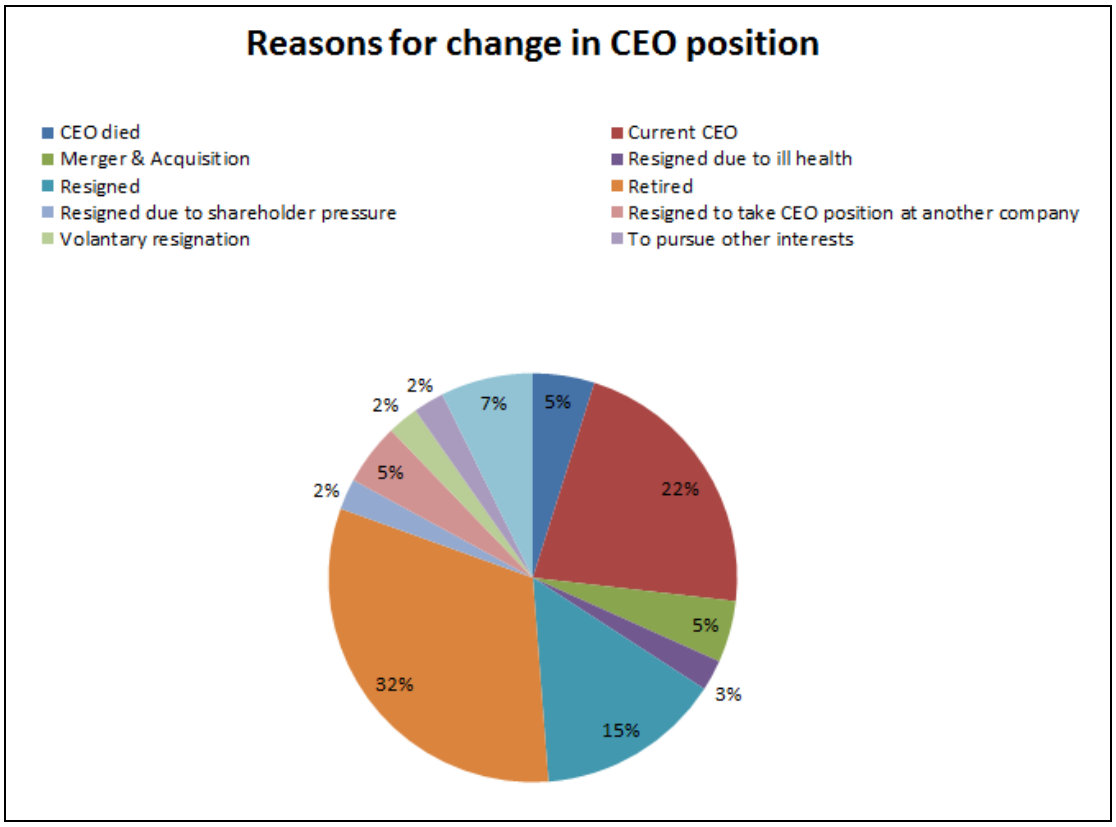


Figure 13: Reasons for change in the CEO position

Figure 13 illustrates that 32% of CEO turnover in the Top 40 companies listed on the JSE was due to planned retirement and the balance of 46% was as a result of the untimely resignation, retirement or death of the existing CEO.

4.7.2 CEO tenure

The tenure of the outgoing CEOs in the Top 40 companies listed on the JSE is illustrated in Figure 14. The average CEO tenure before retiring or resigning was 10 years. It was found that Founder CEO's tenure distorts the average tenure, for example, Aspen, Bidvest, Investec and Discovery. Excluding Founder CEOs and Shoprite CEO, whose tenure is 35 years, the average tenure of CEOs was 8.25 years.

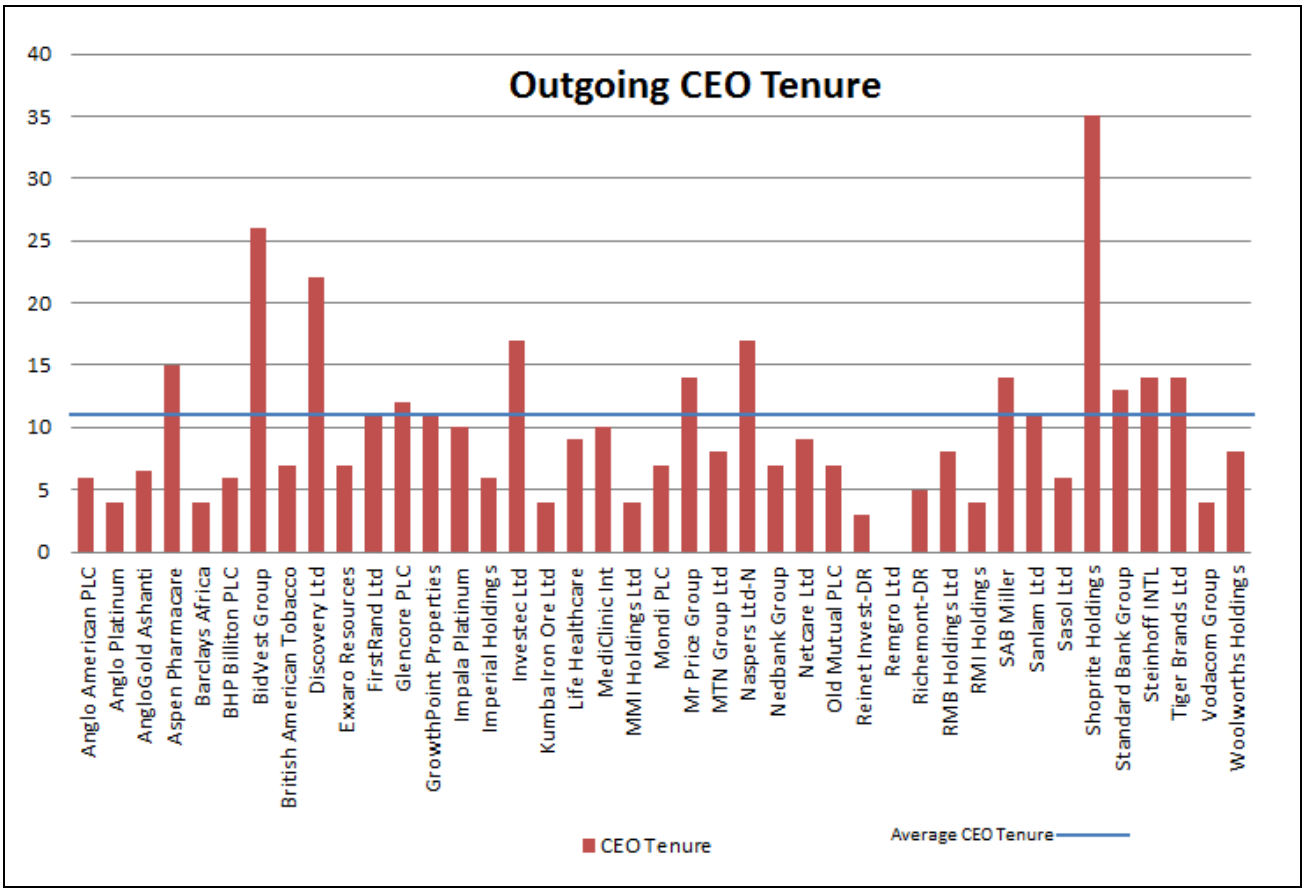


Figure 14: Tenure of the outgoing CEO

4.7.3 CEO appointment: Insider versus outsider

What was evident in the outcomes for CEO succession and transition planning that in the majority or 61%, of the top 40 companies, insider CEO appointments were made following the resignation or retirement of the existing CEO. Outsider CEO appointments were made in 27% of the companies and the balance of 15% were Founder CEOs. The summary of CEO appointments is illustrated in Figure 15.

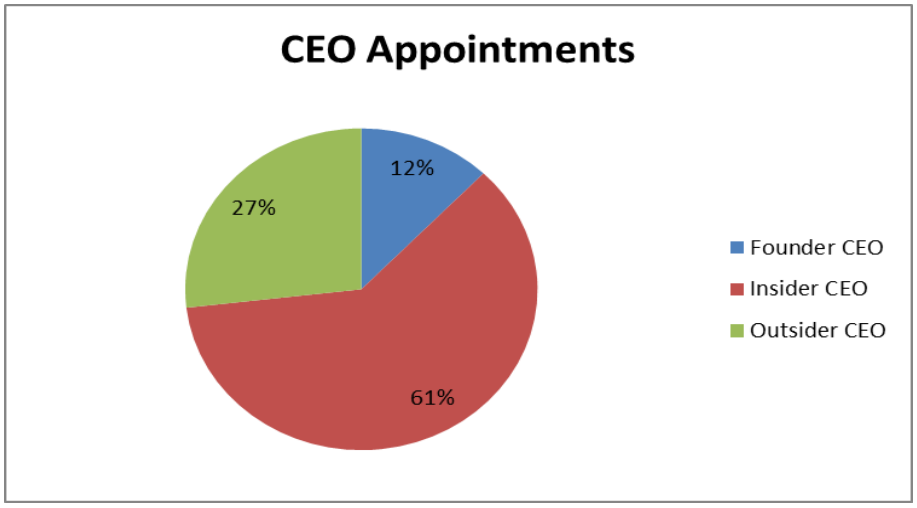


Figure 15: Insider, Outsider and Founder CEOs

4.7.4 CEO succession plans and transition processes

Only eight companies (19%) had clear succession plans in place with a CEO "Heir Apparent"/s in place. The circumstances surrounding the clear succession plan was mainly owing to the existing CEO reaching retirement age.

The transition period has been determined by taking three dates into account, namely, the date that the announcement was made that the outgoing CEO was due to retire or had resigned; the date that the designated CEO was announced and the date that the incoming CEO was appointed.

The transition period following the appointment of an outsider CEO is set out in Figure 16.

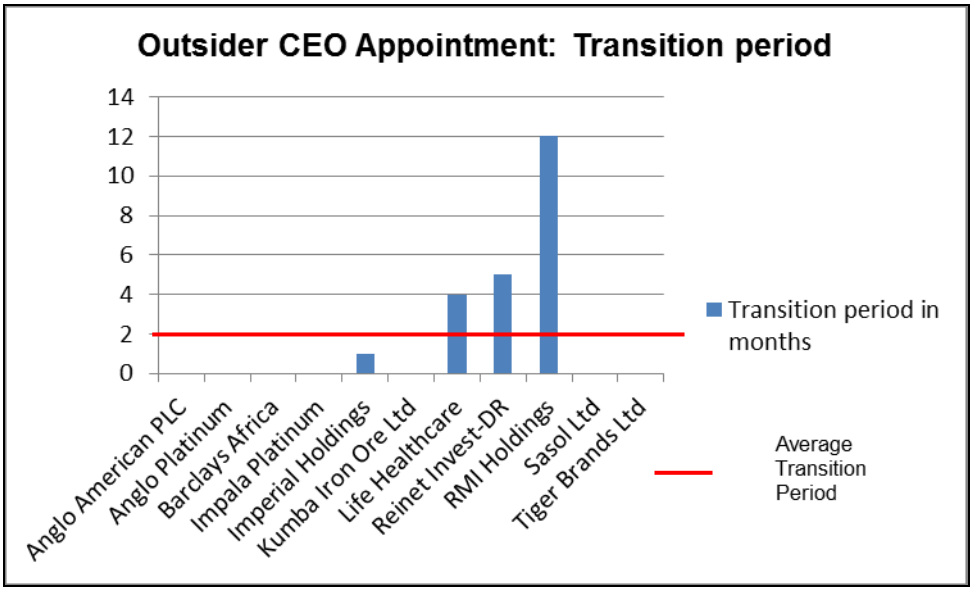


Figure 16: Transition period following the appointment of an outsider CEO

From Figure 16 it is evident that when an outsider CEO was appointed there was no transition between the outgoing and incoming CEO as the departure of the outgoing CEO coincided with the entrance of the incoming CEO. The exception was the planned retirement of the outgoing CEO where an outsider CEO replacement had been identified and employed to take over the helm. This was seen in the case of RMI Holdings, Life Healthcare and Reinet Investments.

Figure 17 illustrates the transition period following the appointment of an insider CEO. With an insider CEO appointment there were both short and long transition periods. With the planned retirement of the outgoing CEO there was a transition period of between 12 and 24 months (Standard Bank, Mr Price Group, Naspers and British American Tobacco). Where the CEO resigned suddenly there was either no transition period or a very short transition period of two months (Old Mutual, Netcare, BHP Billiton).

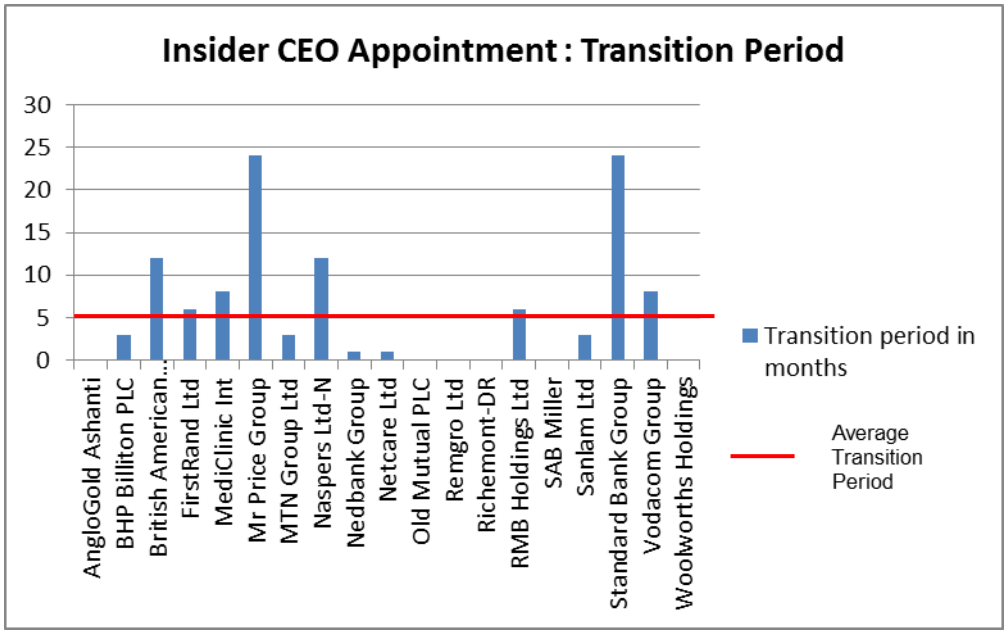


Figure 17: Transition period following the appointment of an insider CEO

In addition, with the sudden departure of the existing CEO, through death, ill health or resignation, the COO or CFO was often appointed as interim CEO and, in many of the cases, that person ultimately became designated CEO.

In the case of a horse-race or a merger, the loser of the CEO position left the company. Evidence of this was seen in Standard Bank where there was a three person horse race that amounted to a Joint CEO position been created. In the merger between Momentum and Metropolitan, where the Momentum CEO became the designated CEO of the merged company, MMI, and the Metropolitan CEO became the CEO of Reinet.

4.8 Summary of research findings

The research findings, revealed that succession planning was something that was done in theory to be King III compliant. However, the reality was that when a CEO resigned there was rarely a successor lined up that could step into the CEO position immediately. The CEO respondents were all of the view that should anything happen to them, the organisation would continue without them. However, it could not be seen to be a succession plan but rather an interim measure until an alternative CEO was appointed.

In terms of King III, the Board of Directors was tasked with the appointment of the CEO. There were occasions where the shareholders might exert influence on the decision with regard to the appointment of the CEO. This was found to be the case where the South African Government had a shareholding in the organisation. The existing CEO had very little influence on the appointment of the CEO except if the CEO was a Founder shareholder in the organisation.

On the resignation of the existing CEO, the Board of Directors set up nomination committees to select likely CEO candidates from inside and outside the organisation. This was a timeous process, could often lead to the wrong appointment and did not provide sufficient time for the existing CEO to hand over to the incoming CEO. It was also found that a wrong CEO appointment could be very disruptive to the organisation and set the organisation back a few years.

Most of the respondents had a preference for insider CEO appointments. This was also evident in the CEO turnover of the Top 40 companies listed on the JSE where 61% of CEO appointments were made from inside the organisation. However, the Board of Directors respondents did not wish to announce a prospective insider CEO successor for various reasons.

The optimal tenure of a CEO was between eight to ten years as provided by the CEO respondents. This also concurred with the data from the CEO turnover of the Top 40 companies listed in the JSE where the average CEO tenure was 8.25 years, excluding Founder CEOs. Reasons provided for this number of years was that after a certain period, a CEO would no longer be strategic and would stagnate in the position and delivery of organisational performance.

In order to appoint an insider CEO the Board of Directors needed to determine the skills set within the organisation and what the future strategy was for the organisation. If the correct person with the correct skills set could not be found within the organisation, an

outsider CEO appointment would be made. The same applied with the future strategy of the organisation. To change the strategic direction of the organisation, an outsider CEO appointment was made. To keep the existing strategy of the organisation it was more likely that an inside appointment would be made.

When there were two or more contenders for the CEO position it was often the case that the person who was not appointed would leave the organisation creating a void that needed to be filled.

There was very rarely a thorough transition process that took place between the incoming CEO and outgoing CEO. When a CEO resigned abruptly from his/her position there was very little time that the Board of Directors had to find a CEO replacement. This leaves the transition hand-over to be very superficial or non-existent as in some circumstance the outgoing CEO might have already exited the organisation.

In most instances the transition period was brief and at most would be over a period of two to six months unless there was a formal succession plan in place in the organisation. The average transition period in the event of an unplanned transition based on the data from the CEO turnover in the Top 40 companies listed on the JSE was two months in the case of an outsider appointment and five months in the case of an insider appointment. Longer transition periods were found on the planned retirement of the existing CEO where the transition period extended to between 12 and 24 months. Most incoming CEOs were given a very short settling in period before they were required to come up with a vision and strategy for the organisation.

Most CEOs did not see themselves as having a future role to play in the organisation unless they were a shareholder. Non-shareholder CEOs felt that their future participation in the organisation would be counterproductive to the incoming CEO's efforts in terms of establishing themselves in the organisation and presenting their vision and strategy for the organisation to the Board of Directors as the exiting CEO might not see this as best strategy for the organisation.

The incoming CEO faced many challenges in his position, these ranged from managing people, providing growth strategies for the organisation, setting the vision, improving profit performance, decision-making and changing the culture of the organisation. In addition, many CEOs did not have the support structure to aid them in their transition process and dealing with the challenges that they faced.

Some CEOs felt that on their appointment that they were not adequately qualified to take up the CEO position and were filled with self-doubt about their ability to perform. However, this was more the case in outsider CEO appointments than insider CEO appointments.

The relationship between the CEO and the Chairman and Board of Directors was important. It was in this relationship that the CEO found support and guidance during his or her tenure as CEO. It was often the Chairman that played the role of mentoring, guiding and grooming the CEO. The importance in this role was evident in that when there was conflict with the Board of Directors, it was the CEO who would resign.

Other factors that lead to the resignation were tenure as the CEO felt that they had become stale and were no longer adding value to the organisation, poor performance, health reasons, to take up a position in other organisation or to spend more time with the family.

A few CEO respondents expressed the benefits of coaching and mentoring that they had personally experienced, both professionally and personally. The coaching or mentorship aided them in decision-making and the strategic direction of the organisation. Personal coaching took the form of balancing work and life and the issues relating to this. Other CEO respondents who had the benefit of a coach or mentor, or the guidance of a Chairman felt that they might have been more successful in their position as CEO if they had availed themselves of such a person. Support was not limited to a coach or mentor but extended to people within the business industry from whom advise could be obtained or from psychologists.

The research findings from the respondents interviewed were often supported by the secondary data obtained from the analysis of the CEO turnover of the Top 40 companies listed on the JSE. The lived experiences of the respondents interviewed added to the richness of the research findings whilst the secondary data was limited to reports detailing the impact of the CEO turnover on the share value of the companies represented in the data.

This chapter has set out the findings from the respondent interviews and the data from the CEO turnover of the Top 40 companies listed on the JSE.

Chapter 5 discusses the emerged themes from the research findings and how these either agree with, contradict or add to the current body of literature.

5 DISCUSSION OF RESEARCH FINDINGS

In this chapter, the literature is reviewed to provide a framework for the study's findings. An analysis of the findings in Chapter 4 reveals that the themes identified emerged from the data rather than pre-defined themes being imposed on the data. Chapter 5 compares these emerged themes and data to the literature to determine whether the study's findings are consistent with, contradictory to or enhancing what the literature currently states with regard to the research topic. Based on the outcomes and conclusions to the themes knowledge has been gained in terms of providing answers to the research questions proposed in this study.

A number of themes emerged from the findings around the CEO succession and transition process, the challenges that the incoming CEO experiences in taking up the position and the support structures, including executive coaching, that the incoming CEO relied on in his/her position.

A diagrammatical representation of the themes and their links to literature are set out in Appendix G.

5.1 CEO succession planning is disaster or crisis management

Garman and Glawe (2004) define succession planning as a structured process involving the identification and preparation of a potential successor to assume a new role. Friedman (1986) sets out the steps that organisations need to put in place for succession planning. These are, firstly, to establish the need for a succession event, then to determine the selection criteria, followed by selecting potential candidates and, finally, to choose among those candidates.

For Beaudin and Stephenson (2008), the optimal tenure of the North American CEO is 10 years. However, Hambrick and Fukutomi (1991) noted that the tenure of the CEO was linked to organisation performance. This time period was consistent with the data as the respondents indicated that their optimal tenure should be in the region of between 8 to 10 years. Reasons cited for the 10 year tenure was that after 10 years a CEO might no longer be effective in the organisation owing to reasons of stagnation. A short CEO tenure was also consistent with the literature as being very disruptive to the organisation and could destroy shareholder value (Grusky, 1963).

Based on this tenure period, succession planning within an organisation could be timed to perfection with the close monitoring of talent within the organisation or the scouting of outsider talent that could timeously be brought into the organisation to ensure a seamless transition from the outgoing CEO to the incoming CEO. However, what makes this planning difficult is that often CEOs do not fulfil the full tenure of their appointment as is evident in the CEO turnover of the Top 40 companies listed on the JSE. Many CEOs resigned seemingly unexpectedly in spite of delivering good organisational performance leaving the Boards of Directors limited time to find a successor.

Succession planning and, in turn, CEO selection arises on the planned retirement or untimely resignation of the existing CEO. Examples of these are found in the CEO turnover of the Top 40 companies listed on the JSE. An unplanned succession arose with the sudden resignation of Imperial Limited CEO, Hurbut Brody, (Bhuckory, 2013) and a planned succession was implemented following the imminent retirement of Mr Price CEO, Alastair McArthur ("Retirement of Chairman of the Board and appointment of successor," 2011). However, based on the data of the CEO turnover in the Top 40 companies listed on the JSE, only 16% of companies had planned successions and this was following the retirement of the existing CEO.

In most instances, the respondents interviewed in this study were unable to identify a person that would be the likely successor to the CEO position. Based on this finding and from the data arising from the analysis of the CEO turnover in the Top 40 companies listed on the JSE, it would seem that in most circumstances succession planning was an event that commenced with the untimely resignation of the CEO. Therefore, succession planning appeared to be very much reactive disaster or crisis management rather than proactive succession planning as defined by Garman and Glawe (2004).

Charan (2005), on the other hand, states that the CEO succession process is “broken” and that most organisations have no meaningful succession plans. This was confirmed by the respondents interviewed as even though they were cognisant of the need for succession planning within their organisations, no formalised succession processes were in place. Only three out of thirteen (23%) CEO respondents interviewed had succession plans in place where the potential designated CEO had been identified. The balance of the respondents were uncertain as to who the CEO successor would be following their departure. This was confirmed in the quantitative data where only 16% of the Top 40 companies listed on the JSE appeared to have succession plans in place and this was as a result of the planned retirement of the existing CEO.

Therefore, it would appear that there is conflict between the succession planning literature and what happens in reality. Whilst organisations might be required by King III, for example, to have a succession plan in place, the unplanned resignation or death of a CEO means that succession planning often becomes an event or is crisis-based. In this respect, the results from the study's findings are more in line with the findings of that of Charan (2005) than that of Friedman (1986) and Garman and Glawe (2004).

In both the literature and King III, the Board has responsibility to implement a succession plan in the organisation and to select and appoint the CEO (Dalton & Dalton, 2007a; Engelbrecht, 2009). Charan (2005) argues that a Board is a failure if after six or seven years of its existence it has not been able to provide a pool of qualified candidates and a robust process for selecting the next CEO.

Even though the respondents in this study were aware of the corporate governance requirements in terms of succession planning, they were of the view that King III was not effective as a means of ensuring that succession planning existed in their organisations. This might be due to the fact that King III is a guideline of considered best practice for corporate governance and is required on a "comply or explain" basis.

Where succession planning was implemented, in that a designated CEO had been identified and was being groomed for the position, this was as a result of succession planning being seen as part of the overall strategy of the organisation rather than something that was required to be done at some date in the future.

5.1.1 Conclusion on CEO succession planning

Succession planning tends to fall within two categories, namely, a planned succession and an unplanned succession. Planned succession usually follows the imminent retirement of a CEO who has had a reasonably long tenure in the organisation and under his/her tenure the organisation has performed well. On the other hand, an unplanned succession follows the untimely resignation, retirement or death of the CEO. In this instance, the Board of Directors is tasked with finding a replacement CEO either from within or outside the organisation with very little time for planning.

It would appear from the study's findings that CEO succession in organisations was mainly unplanned event driven, not a continuous process and did not form part of the overall strategy of the organisation. This was supported by the respondents interviewed in this study as well as the data obtained from the analysis of CEO turnover in the Top 40 companies listed on the JSE (see Chapter 2, Section 2.1).

5.2 Reluctance to announce a designated CEO

The reluctance for the designated CEO to be identified and made public poses the greatest threat to succession planning in organisations (Dalton & Dalton, 2007a). The reluctance to announce a CEO successor was found to be consistent with the data in this study. Various studies provide a number of reasons for the apparent reluctance to announce an "Heir Apparent" (see Chapter 2, Section 2.1.4) which were supported by the study's respondents.

One reason was provided by Friedman and Olk (1995) and Charan (2005) who found that many designated executives expected an appointment to the top position in less than a year and might not be prepared to wait out the term required to be promoted to the CEO position. This was confirmed by the respondents in the study who found that often when a person was earmarked for the CEO position, he/she would often leave the organisation to obtain promotion sooner. Therefore, the need to retain talent within the organisation resulted in the inability to announce potential CEO candidates.

In addition, in a competitive situation where a number of potential candidates are vying for the CEO position, the candidates who are not successful will tend to leave the organisation (Lorsch & Khurana, 1999). This occurrence was found to be consistent with the data from this study and was also the case in mergers and acquisitions as reflected in the data from the CEO turnover in the Top 40 companies on the JSE. It was also noted by a CEO respondent in this study that having a number of persons competing for the CEO position was disruptive to the organisation. This was supported by a CEO respondent who found that having a number of persons vying for the CEO position created conflict amongst these persons.

A further reason provided by respondents was that the Board would want to keep their options open for a potential CEO successor in that at the time of being required to appoint a CEO there might be alternative better-placed candidates than the one to whom they had committed.

Beatty and Zajac (1987) and Graffin et al. (2011) argue that it is important to announce a CEO successor to protect the share value of the organisation by eliminating uncertainty. This argument was supported by one CEO respondent in the study who found that the market wanted certainty on succession in the organisation. Therefore, the reluctance to announce a designated CEO within an organisation creates conflict with corporate governance and King III with regard to succession planning. This then has the potential to

disenable a planned transition process between the designated CEO and the existing CEO in terms of a handover and delegation of responsibilities over a reasonable term.

However, from the study's findings, there almost seemed to be the position that succession planning was not a real issue in their organisations. This was a result of the CEO putting structures and systems in place that would allow the organisation to continue to function regardless of whether they were there or not. In some respects, this seems to minimise the importance of their position within the organisation and the strategic value that they add to the future of the organisation.

Based on the literature and the findings from this study, it would appear that there is no easy solution to the succession planning process within organisations as each succession plan alternative. Whether the succession plan is an "Heir Apparent" or a competition amongst a number of potential candidates, it is fraught with advantages and disadvantages. Each succession plan comes with its own risk profile in terms of the potential risk that to which it exposes the organisation in terms of preserving talent, market share and finding the right candidate for the position. This, in turn, impacts the transition process between the outgoing CEO and the incoming CEO.

5.2.1 Conclusion to reluctance of announcing a designated CEO

The fact that there is often a reluctance to announce a CEO successor within an organisation hampers the succession process and the ability to groom or sufficiently hand over the organisation by way of a transition process. This leaves the Board of Directors and the organisation exposed to risk in the event of the untimely resignation or death of the existing CEO. Even though the Boards of Directors are aware of the risks of disruption and conflict to the organisation of an unsuccessful succession process, they remain prepared to carry that risk. This would imply that unplanned CEO succession has become the norm for organisations despite corporate governance best practice such as King III.

5.3 Organisational disruption by failed CEO appointments

If the wrong CEO appointment is made by the Board of Directors it can be very disruptive to the organisation (Lorsch & Khurana, 1999). This was supported by the Chairman respondents where the Board had made the wrong appointment in the case of both insider and outsider candidates. The poor decision was made even though the outsider had undergone multiple interviews and psychometric testing and the insider appointment

had a good track record within the organisation. The disruption caused was as a result of conflict within the organisation owing to the inability to predict the disposition or change in disposition that an incoming CEO might have due to his or her position. The Chairman respondent noted that a failed CEO appointment could set the organisation back a few years.

Following from this, the findings support the literature and confirm the view that "*CEO selection is something of a batting average: Companies will not hit successfully every time*" (Charan, 2005, p. 74). Therefore, with planned or unplanned succession processes in place within the organisation, a successful CEO appointment cannot be guaranteed.

Although a change in CEO has an impact on the market value of the organisation, a failed CEO appointment causes disruption to the organisation and is capable of destroying market value of the organisation (Beatty & Zajac, 1987). The impact of a change in CEO is sensitive to the market value of the organisation as was seen in the data of CEO Turnover in the Top 40 companies listed on the JSE.

5.3.1 Conclusion to organisational disruptions with failed CEO appointments

If it is accepted that the CEO is the most important person in the organisation in that he or she is responsible for the overall strategy and performance of the organisation, then it must follow that a failed CEO appointment has the greatest impact on share value creation (Beatty & Zajac, 1987; Bruce Johnson, Magee, Nagarajan, & Newman, 1985; Gioia & Chittipeddi, 1991; Kesner & Sebora, 1994).

In spite of Boards of Directors being aware of this, succession planning, whether planned or unplanned, might not bring about the desired results in the appointment of an incoming CEO.

5.4 Shareholder influences on CEO succession planning through employment equity and affirmative action

Shareholders tend not to exert influence on the selection and appointment of the new CEO as many organisations are held by a diverse group of shareholders (Mizruchi, 1983). However, there were instances cited in this study's findings where the shareholders of the organisation exerted influence on the succession planning process and in the appointment of the incoming CEO. These instances arose in Founder

organisations and where the South African Government through the Public Investment Corporation had a shareholding in the organisation.

From a South African context, the influence of the Public Investment Company and the Government policies of affirmative action and employment equity cannot be ignored in the CEO succession and selection process. The shareholder influence in the CEO succession and appointment process was evident in this research study in that the Board of Directors referred to instances where influence was exercised by the Public Investment Corporation.

However, there was no evidence in this study that the CEO succession and selection process was being designed to fulfil the requirements of affirmative action and employment equity. The 2012-2013 Commission for Employment Equity Annual Report reflects an equity representation of 23.9% in top management of organisations in South Africa where the target set in terms of the economically-active population at 48.4% ("2013 - 2014 14th Commission for Employment Equity Annual Report," 2013). This raises concerns as to the effectiveness of employment equity succession planning in organisations through the promotion and grooming of Black executives.

This lack of equity representation impacts on the effectiveness of transition processes within organisations represented in this study. As a result, there might be a lack of effective leadership development, grooming or coaching to ensure that the hand-over process of the organisation from the outgoing CEO to the incoming CEO is smooth and serves the best interests of the organisation and its shareholders.

5.4.1 Conclusion to shareholder influences on CEO succession planning through employment equity and affirmative action

From a South African perspective, the importance of employment equity policies and the influence that shareholders might have in the CEO selection process was only raised by a few of the respondents in the study. This might become increasingly important in King III and corporate governance policies going forward which could lead to more formalised succession processes being implemented in organisations.

5.5 Existing CEO's role in succession planning

Dai et al. (2011) found that when the CEO was reluctant to relinquish his/her position in the organisation, succession planning at the executive level would be impaired. This was consistent with the data in that many CEO respondents found that it was difficult for them

to identify a replacement CEO owing to their attachment to the organisation. A further reason given was the lack of leadership ability and skills within the organisation.

Studies reveal that the outgoing CEO often plays a major role in succession planning and in the selection of the incoming CEO (Charan, 2005; Friedman & Olk, 1995). For Conger et al. (2012), the appointment of the incoming CEO should be a shared process between the outgoing CEO and the Board of Directors. However, this view does not detract from the Board's responsibility to select and appoint the new CEO (Friedman & Olk, 1995).

This is contrary to the study's findings where most CEOs interviewed stated that even though they would like to be part of the process in the selection of the incoming CEO, this would unlikely be the case. This view is true from a South African context and King III where the Board of Directors has the sole responsibility for the selection and appointment of the CEO.

Therefore, the grooming of a designated CEO and the gradual handover the organisation through a relay succession might be a rare event if the involvement of the existing CEO is excluded from the succession and the selection process. This could lead to a poor transition process and be a contributing factor to the many challenges that an incoming CEO faces in taking up the position.

5.5.1 Conclusion to existing CEO's role in succession planning

From a South African context, it is unlikely that the outgoing CEO would have a role in the selection and the appointment of the incoming CEO. This implies that there may or may not be a delegation of roles and a handing-over of the organisation to facilitate a smooth transition.

5.6 Preference for an insider CEO appointment

The appointment of an insider CEO versus an outsider CEO is a contentious matter in most organisations and has received considerable commentary from Boyer and Ortiz-Molina (2008), Dalton and Kesner (1985) and Friedman and Olk (1995). According to the research respondents in this study, there was an overwhelming preference for an insider CEO appointment. In support of these findings, 61% of the Top 40 companies listed on the JSE appointed insider CEOs on the resignation or retirement of the incoming CEO.

The appointment of insider CEOs lends itself to a natural succession planning and transition process between the incoming and outgoing CEO which was not found to be in existence within the respondents' organisations. This conflict is supported by the reluctance to announce a designated CEO in the succession-planning process.

On the other hand, the appointment of an outsider CEO was disruptive to the organisation (Dalton & Kesner, 1985; Shen & Cannella, 2002). This view was supported by the respondents in this study in that they found that the appointment of an outsider CEO would be disruptive to the organisation and hence, the preference for an insider CEO.

Grusky (1963) found that the appointment of an outsider created disruption but that this disruption was necessary for creating proactive change in the organisation. From this study, the findings of Grusky (1963) could not always be supported as both insider and outsider CEO appointments were instances of poor organisational performance. This finding was supported by the case of Old Mutual, where the CEO voluntarily resigned owing to organisation losses and an insider CEO was appointed ("Old Mutual CEO resigns amid soaring VA costs," 2008). The opposite was true in Anglo American where an outsider CEO was appointed following shareholder pressure for the resignation of the existing CEO owing to continual poor performance (England, Guy, & Blas, 2012).

However, the Board of Directors might not have knowledge regarding talent within the organisation to reach a decision regarding the appointment of an insider CEO (Bower, 2007). This was not supported by the study's findings and in terms of the outcomes of the Top 40 companies listed on the JSE. In most instances, the preference for an insider CEO appointment was more the norm rather than an outsider CEO appointment.

Based on the preference for insider CEO appointments as reflected from the findings in this study could mitigate the risks that the Board of Directors and the organisation faces in a planned or unplanned succession event to some degree. This should also ensure the smooth transition, to some extent, from the outgoing CEO to the incoming CEO, owing to the existing knowledge that the insider CEO has of the organisation. Finally, this should also assist the incoming CEO in reducing the number of challenges that he or she may face in taking up the position.

5.6.1 Conclusion to preference for insider CEO appointments

The findings from this study regarding the selection and appointment of insider CEOs are consistent in many instances with literature (see Chapter 2, Section 2.2.1). However,

there are two situations where the outcomes from the literature and the findings are inconsistency.

Firstly, the findings from the study suggest that an insider CEO appointment was preferable. This then creates the perfect scenario for effective succession planning and a formalised transition period. What makes this position ineffective was the reluctance for an “Heir Apparent” announcement to be made within the organisation.

Secondly, the observations relating to the feelings of self-doubt that the incoming CEO experiences in taking up the position. This is an important focus area in terms of the exploration of executive coaching as a tool to facilitate the transition process for the incoming CEO.

5.7 CEO transition process: Theory versus practice

There was definitely a disparity between the theory of an effective transition process between the outgoing CEO and the incoming CEO and the practical implementation thereof. Vancil (1987) advocates a planned transition process where there is a dual CEO situation where roles and responsibilities are slowly delegated and handed over by the outgoing CEO to the incoming CEO. This was not found to be the case in this study. In this study, most outgoing CEOs stated that they would spend between two and six months with the incoming CEO before exiting the organisation.

Studies, however, revealed that there would be a longer transition period where the outgoing CEO oversaw the selection of the incoming CEO and transition process versus a short time span when there was no involvement by the outgoing CEO (Friedman & Olk, 1995). This was found to be consistent with the study’s findings in that during a planned transition, where the outgoing CEO was facing retirement following a long tenure, the transition period was between 12 and 24 months.

However, during an unplanned transition, it was found that the transition period was very short and, in some instances, the outgoing CEO had already left the organisation for some time before the appointment of the new CEO. This was also consistent with the data from the Top 40 companies listed in the JSE where the average transition period was less than two months.

This meant that the incoming CEO often faced challenges in the organisation of which they were unaware. However, had they had the knowledge regarding the position of the

organisation, it might have influenced their decision-making of whether or not to accept the position.

Linked to the short transition period is the view held by the CEO respondents that a transition process would be ineffective as the incoming CEO would have very little interest in the view of the outgoing CEO regarding the vision, strategy or mission of the organisation. What was of interest was that the newly-appointed CEO respondents were unlikely to indicate a lack of interest in the views of the outgoing CEO. It would appear as if there was a dichotomy of views in that there was the perception that the outgoing CEO's view was of little relevance to the incoming CEO which justified the limited transition period. But there was no support in this study's findings to clarify this position as in many circumstances the outgoing CEO had already left the organisation when the incoming CEO was appointed.

Therefore, the CEO transition process and planning is fraught with contradictions in terms of the emphasis placed on it from a theoretical view point and the practical reality of what transpires in the organisation during a CEO turnover. However, without a planned relay succession where the designated CEO is announced ahead of time, a thorough transition process and delegation of roles and responsibilities would be difficult to achieve especially without additional support for the incoming CEO. Added to this is the loss of the inherent corporate knowledge that the outgoing CEO has accumulated over his/her tenure, especially if the incoming CEO is appointed from outside the organisation. If it is the view that the incoming CEO has little or no regard for the view point of the outgoing CEO regarding the future of the organisation, then perhaps the notion of a formally-structured transition process is null and void.

Although Passmore (2007), Joo (2005) and Bond and Naughton (2011) coaching models to aid the transition of the incoming CEO were presented in section 2.5 it was found that neither these nor any alternative coaching models were implemented in any of the organisations or to the incoming CEO.

5.7.1 Conclusion on CEO transition process

There was very little evidence in this study of an effective transition process in organisations reviewed or a coaching model to assist in the CEO transition process. This could be attributed to the CEO selection process being entirely the responsibility of the Board which might not include the input of the outgoing CEO, that many CEOs are appointed in circumstances where the outgoing CEO has already exited the organisation and the view that the incoming CEO has no interest in the views of the outgoing CEO.

5.8 Future outgoing CEO organisational role and the implications thereof

In earlier studies, it was often the case that the outgoing CEO would take a Board position, often as Chairman (Vancil, 1987). This was not found to be the case from the study's findings, perhaps owing to the South African context of the study. The only exception was found where a Founder CEO on retirement would take up a position as Director or Chairman of the organisation. In other instances, an outgoing CEO would need to be invited to by the Board of Directors to be appointed as a non-executive Director.

In more recent studies, Andres et al. (2014) and Quigley and Hambrick (2012) found that the outgoing CEO serving on the board created conflict with the incoming CEO and that this conflict was considered to outweigh any benefit of retaining organisational and industry knowledge and key business relationships. This was consistent with the data from this study in that many CEOs felt that retaining a position on the Board would be counter-productive to the strategy and objectives of the incoming CEO. The negative impact of this was that often the organisational history and culture was lost as well as intellectual capital and short-term shareholder value (Andres et al., 2014).

This lack of intellectual capital links with the findings regarding the transition period in that the incoming CEO would have no interest in the outgoing CEO's strategy views . By having the outgoing CEO have no future role to play in the organisation alleviates any conflicts and disputes that might arise owing to differences of views regarding the incoming CEO's strategy for the organisation which might be different to the outgoing CEO's strategy. This advantage might over-ride the downside of losing the outgoing CEO's intellectual capital.

5.8.1 Conclusion to future outgoing CEO organisational role

Whilst the literature provided evidence of the value that an outgoing CEO could play in the organisation in a Board role, the respondents in this study were of the view that their future roles in the organisations tended to be counter-productive to the impact and objectives of the incoming CEO. Therefore, once a minimal transition period had lapsed, the outgoing CEO would have no further involvement in the organisation.

5.9 Newly-appointed CEO capability self-doubt for position requirements

Self-doubt was one of the challenges that leaders often have in fulfilling a leadership position, which is supported by studies in terms of challenges in role transitions (Bond & Naughton, 2011; Weinstock, 2011).

In terms of the literature reviewed, the CEO succession and selection processes were discussed historically and did not include any inputs or data from the incoming CEO's feelings with regard to being appointed as CEO (see Chapter 2, Section 2.4.8). Whilst there is a general view that an appointed CEO would be confident in his or her selection and appointment on the basis of their pre-existing knowledge systems, skills and abilities (Hambrick & Fukutomi, 1991; Vancil, 1987), the data in this study revealed that the incoming CEO was often filled with self-doubt regarding his/her ability to fulfil the CEO role. Reasons cited for their feelings of self-doubt were previous experiences as CEO where they were undermined, having to make decisions without having someone else to rely on for guidance, the ability to deliver on the strategy, being risk adverse (would they succeed or fail) and the impact that the appointment would have on their personal lives.

The feelings of self-doubt could be linked to self-confidence and self-efficacy in that it is the CEO's perception of their ability and capability to perform in the CEO position and the leadership role that comes with the position (McCormick, 2001). The differentiating factor in the CEO appointment process in this study was that self-doubt arose in situations where the CEO was an outsider appointment and was required to step into an existing organisation. Self-doubt was not expressed by insider CEO appointments in this study. This was perhaps due to the CEO being part of the organisation for some time and was, therefore, more comfortable in stepping into the CEO role. This finding lends itself to the importance of a transition process and support system within the organisation, particularly for outsider CEOs, whether the process is driven by the outgoing CEO or the Board of Directors.

The leadership transitional coaching model designed by Bond and Naughton (2011) could play a strategic role in organisations to alleviate the self-doubt that the incoming CEO experiences through the facilitation of a structured transition process.

The further exploration of self-doubt in newly-appointed CEOs and the benefits that a transition process, executive coaching, mentoring or grooming will have in these circumstances needs to be researched.

5.9.1 Conclusion to newly-appointed CEO self-doubt feelings

Self-doubt that newly-appointed CEOs experience was an unexpected phenomenon arising from the findings. The result was unexpected based on the assumption that CEOs have been progressively promoted during their careers and have gained the confidence and the necessary skills, both technical and leadership, that warrant their appointment as CEO.

The recognition of this phenomenon plays an important role in the research study for the use of executive coaching during the early stages of a newly-appointed CEO as well as in the transition process.

5.10 Challenges incoming CEO experiences with existing organisations

An incoming CEO often experiences many challenges during the tenure of his/her position. Some of the initial challenges that the incoming CEO experiences could be linked to a poor or limited transition process with the outgoing CEO. Boeker (1997) found that an incoming CEO would be more challenged when the outgoing CEO had a long tenure in the organisation. This was a specific challenge that CEO respondents identified as being difficult to “step[ping into an existing organisation” regardless of whether there remained a good or poor legacy with the outgoing CEO or not. Conger et al. (2012) found that one of the main reasons for executive failure was the incoming executive not being adequately briefed regarding the organisation dynamics, culture, history and financial affairs. This was consistent with some of the challenges identified by the CEO respondents in this study and that organisational knowledge might have impacted on their decision as to whether or not to accept the position.

It was apparent in the respondent data from this study that many incoming CEOs were also faced with the challenge where the outgoing CEO exited the organisation in an untimely manner and the incoming CEO was required to take the helm with very little handover, guidance or organisational knowledge and history. This impacted on the incoming CEO in being able to deliver a strategy for the organisation within the time frames required and ensuring that there was talent within the organisation to implement the strategy. These succession challenges are supported by Grusky (1960) who acknowledges the succession challenges of timely versus untimely CEO succession.

5.10.1 Conclusion to challenges incoming CEO experiences with existing organisation

Stepping into an organisation with its inherent management team, process, procedures and ways of doing things often proved to be challenging to the incoming CEO. This was often compounded by the legacy, whether good or bad, that the outgoing CEO left behind and the current profitability of the organisation.

5.11 CEO challenges for organisational vision and strategy setting

The time frame in which the new CEO has to come up with a new vision and strategy was set at between three and six months (Dutton, 2010; O'Brien & Shunk, 2009) or 12 to 30 months in terms of Kakabadse and Kakabadse (2001) and Boeker (1997). It was clear from the respondents in this study that the first challenge that the incoming CEO faced was setting a vision and strategy for the organisation and presenting that to the Board for approval.

The time frame given to the CEO respondents by the Board of Directors for coming up with a strategy and vision for the organisation was between three and six months. In addition, none of the respondents gave an indication that a time frame of 12 months or longer was an option presented to them. In many cases, the new CEO had to come up with the vision and strategy without any input from the Board of Directors.

Therefore, in setting the vision and strategy the incoming CEO was often not given a definitive mandate, or the mandate might have been clear, but the strategy as to how to execute on the mandate was left to the CEO. However, the ability of the CEO to execute on the mandate, whether developed by the CEO or imposed by the Board of Directors, became the difference between the CEO's success or perceived failure. Therefore, grappling with the mandate was often the challenge that the incoming CEO needed to overcome. This challenge was easier to overcome if the incoming CEO had the support of the Chairman.

Executive coaching is an important role to play in the setting of the strategy and the implementation thereof. A few CEO respondents in this study provided examples where they sought the guidance of the Chairman, a coach or a mentor; or the advice of business leaders to assist them and act as sounding boards in terms of resolving strategic issues or problems within the organisation.

5.11.1 Conclusion to CEO challenges for organisational vision and strategy setting

One of the first responsibilities that the incoming CEO would have to undertake is setting the future vision and a strategy for the organisation. The Board of Directors in this study gave a very limited time frame of between three and six months for this strategy to be devised and then to be implemented. This challenge was also linked to the support or lack of support that the incoming CEO received from the Board.

5.12 CEO challenges growing the organisation – managing people and continual improved profit performance

There were two challenges that most CEO respondents in this study experienced. The first was the challenge to improve organisational profit performance and efficiencies continually. The second challenge was the managing of the people within the organisation to ensure that there was delivery of improved performance. The study's findings revealed that these challenges were inter-linked and the success of the one drove the success in the other.

The literature provided significant support that a CEO who fails to improve profitability in the organisation is dismissed (Bower, 2007) and that a CEO's success is measured in delivery of improved profitability (Dalton & Dalton, 2007b). This study's findings also supported that CEOs found it challenging and pressurising to improve profit performance continually. Many CEO respondents were of the view that continuous improved profit performance came at the expense of developing a clear strategy and vision for the organisation. In some instances, the achievement of increased profitability came through reducing costs rather than focusing on a strategy to improve growth. Therefore, much of the CEO's time was consumed by forecasting and achieving profits or finding ways to reduce costs without being able to clearly define a strategy for the organisation.

Inheriting a top management team that has been with the organisation for a long time often results in inertia in the organisation. This also makes it difficult for an incoming CEO to change the organisation's strategy and processes within the short period allowed (Boeker, 1997). However, it is even more difficult for an outsider CEO to manage an inherited team and deliver on the strategy as he or she may not have a clear assessment of the people talent within the organisation (Shen & Cannella, 2002). This was found to be consistent with the findings of the study; but it was not limited to outsider CEO appointments only. Many CEO respondents found that it was challenging implementing a

growth strategy when organisational growth outstripped human resources. Many CEO respondents in this study found that managing people and having the right team to implement the organisation's strategy was a challenge.

5.12.1 Conclusion to CEO challenge of managing people and growth strategy

The incoming CEO experiences a number of challenges in taking up the position. The challenges that CEOs found most pressurising was the growth of the organisation and with this the continual need for improved profitability and having the right management skills in place to implement the growth strategy.

5.13 Relationship between CEO and Chairman

The CEO and Chairman relationship is considered to be the most important relationship as it was the dynamic of this relationship that carries the most positive or negative impact on the CEO. This, in turn, impacted on the smooth functioning of the organisation. In managing that relationship, the CEO often felt tension and the lack of support and alignment from the Chairman. The reasons given by many of the CEO respondents in this case study for their resignation was due to not having a manageable relationship with the Chairman.

Therefore, the relationship between the Chairman and the CEO is critical to ensure the continued success of the CEO and the continuity of the CEO tenure. This brings stability to the organisation and retains market value.

5.13.1 Conclusion to relationship between CEO and Chairman

The relationship between the Chairman, Board of Directors and the CEO was important to be maintained and could be one of the challenges that CEOs faced during the term of their positions. It was found that if there was conflict in this relationship, it was the CEO who resigned.

5.14 CEO balancing work and life

Balancing work and life pressures was a consistent challenge in the CEO position as found in Hall and Richter (1988) and Stock et al. (2014). The findings from this study was consistent with the findings of Bartolome (1983) as many CEO respondents found that a balance between work and life could not be obtained and that the family would inevitably be compromised.

In making the decision as to whether or not to accept the position as CEO, many CEO respondents in this study considered the impact that the appointment would have on their family life. They also considered how to balance the pressure from work against the sacrifice that would need to be made in their families. The final test was whether or not the sacrifice of family life would be worth the effort that was required as CEO.

Two CEO respondents had used a life coach and not an executive coach to work through issues regarding balancing life and work. From this, it would appear that balancing life and work was not considered to feature as part of executive coaching. It was as if balancing work-life was a “life” issue rather than a “work” issue and yet it formed a critical part of a CEO’s challenges that needed to be resolved or overcome in order not to compromise on either work or family and still meet the job demands as required. The concern over balancing work-life was raised equally by male and female CEOs

5.14.1 Conclusion to CEO challenges in balancing work and life

The balancing of work and family life and the sacrifices that the CEO would make was uppermost in most CEOs’ minds and they were very cognisant of this in both their decision to take up the CEO position and for the duration of their term.

5.15 CEO support structures in place and executive coaching roles

The main support structure for the CEO is the Chairman. This role includes guiding the CEO in the implementation of the strategic vision of the organisation, acting as a mentor, a sounding board and imparting the history and culture of the organisation. These support structures are especially required in the situation where an outsider CEO has been appointed (Lorsch and Khurana (1999). In addition, if the relationship structure between the Chairman and the CEO is a good one it goes a long way to alleviate any dysfunctionality in the Board and overall disruption within the organisation (Direction, 2006; Kakabadse et al., 2006). A few of the CEO respondents in this study found that they had received the support of the Chairman in their positions. The Chairman respondents in this study also supported the view that their position was to act as a mentor to the CEOs and to support them in their positions.

Many CEO respondents in the study who did not find the Chairman being supportive required sought the advice and counsel of external business people, psychologists or coaches.

Clutterbuck (2005) defines the roles for coaches and mentors in succession planning to include assisting the leader to establish and manage better networks both inside and outside the organisation; provide a resource to reflect upon issues such as self-identity, personal values and goals; and help in extracting more value from the job. CEO respondents in the study appreciated the value of having a mentor, coach, guide or a person who could give them advice or act as a sounding board for them. However, only a few respondents in this study availed themselves of a coach or mentor. A few respondents in this study were sceptical about the concept of coaching and the ability of coaching to deliver the required results.

Many of the respondents used coaches or mentors as a means of resolving work and life balance rather than as a means of enabling them to be more effective in their role as CEO or in the transition process. Bond and Naughton (2011) and Goldsmith (2008) found that CEOs may see the need of a coach or mentor as a sign of weakness. This was not found in the data of this study although two respondents did not believe in the concept of coaching or grooming a person to be able to fit the CEO role.

5.15.1 Conclusion to CEO support structures in place and executive coaching roles

There are a number of opportunities that executive coaching can play in the transition process of newly-appointed CEOs. Some of these opportunities would incorporate the setting of the strategy within the organisation and aligning goals against the strategy and the process to implement and achieve these goals including the optimal management team required. In addition, this also requires working through the self-doubt that the newly-appointed CEO may experience and to find the critical path to build confidence where doubt exists as well as building relationships with the Chairman, Board of Directors and the top management team to ensure a smooth working relationship with all these parties. This also includes, not least of all, working through the concerns surrounding the balancing of work and family life and how this can be appropriately addressed so that neither position is compromised at the expense of the other. Finally, to create the structure for them to hand-over the organisation successfully to a future CEO when their tenure comes to an end to ensure that their legacy and the organisation’s continued success remains and continues.

5.16 Conclusion

The literature and the findings from this study support that the CEO succession process is not an exact science; and the theory of what should transpire in the succession process is not what is revealed in the execution thereof. The same applies to the transition process. The transition process is limited to timing that the outgoing CEO has in the organisation and the willingness of the incoming CEO wanting to be part of the transition process.

The limitations of the succession and transition processes within the organisation often impact both the Board of Directors and the incoming CEO. The Board of Directors is impacted because the cost of a failed CEO appointment is both disruptive to the organisation and destroys shareholder value. The incoming CEO is impacted because he or she is faced with challenges that might have been easier to overcome had there been transition process in place; with the focus not being on the duration of the transition process but rather the effectiveness of a short transition which seems to be the norm.

Whist the shareholders might influence the selection and appointment of the incoming CEO; it would appear that the outgoing CEO does not have a role to play in the process. This flows through to the outgoing CEO having no future or further role to play in the organisation.

The relationship between the Chairman and the CEO is probably the most important relationship in the organisation. A fully-functional relationship is beneficial to both the CEO and to the organisation. To the extent that there is conflict in the relationship, it is inevitably the CEO who would resign.

Finally, challenges, work-life balance and feelings of self-doubt could be alleviated to some extent by, executive coaching, mentoring or Chairman support especially in the initial stages of the incoming CEO's appointment and through the transition process.

Chapter 6 concludes the outcomes of the research findings and the literature review and provides recommendations to stakeholders and for future research.

6 CONCLUSION AND RECOMMENDATIONS FOR FUTURE RESEARCH

Chapter 6 provides conclusions to the research questions that arose out of the literature review as well as the research findings. It then makes recommendations for future research based on gaps in the body of knowledge or insufficient findings to draw conclusive results.

The purpose of this research was to determine how executive coaching could be used as a tool to facilitate the CEO succession and transition process. In providing a conclusive result to this question, it was necessary to explore how a CEO was appointed to an organisation and, in terms of that appointment, what succession planning and transition processes were in place in organisations. The interview data obtained from the respondents lead the researcher on a path of discovery revealing the challenges that a new CEO had in taking up the position and enhancing the performance of the organisation.

In addition, the chapter overviewed the question of whether or not a formal transition planning processes would alleviate these challenges for the incoming CEO and what role the outgoing CEO and Board of Directors would play in this process. Finally, the formal and informal support structures that CEOs found to assist them in dealing with both business-related challenges as well as personal challenges was explored. In reviewing all the outcomes from the interviewing process, the secondary data from the CEO turnover in the Top 40 companies listed on the JSE and the literature reviewed, the researcher was tasked with making recommendations with regard to the role that executive coaching could play in the CEO transition process in response to the research questions.

6.1 Conclusion to Research Question 1

How does CEO succession planning exist in organisations?

It was found that in the majority of the companies listed in the Top 40 on the JSE and the data obtained from the interview respondents that there were no formal CEO succession planning processes in place. Only 8% of the Top 40 companies listed on the JSE had a formal succession process in place as a result of the eminent retirement of the outgoing CEO. In the unexpected or unplanned succession arising from the unexpected

resignation of the existing CEO, relay succession, in the form of an insider being appointed to the CEO position, took place in the majority of the organisations.

When analysing the announcement dates of the existing CEO resignations and the appointment of the incoming CEO in the CEO turnover of the Top 40 companies listed on the JSE, it can be concluded that the appointment of an insider was not as a result of succession planning. The process involved in the actual succession was not disclosed and, therefore, the process that the Board of Directors took in arriving at the designated CEO successor remained unknown.

Whilst succession planning forms part of corporate governance in terms of King III, the Top 40 companies listed on the JSE provided a general statement regarding succession planning, but in none provided an indication of who the designated successor was. For example, the statements regarding succession planning found on Growthpoint Limited's 2014 Governance Report is illustrated in Table 10 ("Growthpoint Properties: King III Report," 2014).

Table 10: Extract of Corporate Governance statement

Chapter	Principle	Principle Description	Practice	Status
Principle 2.16	The Board has elected a Chairman who is an independent non-executive director. The CEO of the company does not also fulfil the role of Chairman of the Board	The Nomination Committee oversees a formal succession plan for the Board, CEO and certain senior executives.	Applied	The Board, assisted by the Remuneration Committee, is responsible for succession planning in respect of executive management, including the CEO. Succession planning is also included in the risks monitored by the Risk Management Committee.
Principle 2.17	The Board has appointed the Chief Executive Officer and has established a framework for the delegation of authority	There is a formal succession plan in place for the CEO and other senior executives.	Applied	The Board, assisted by the Remuneration Committee, is responsible for succession planning for executive management, including the CEO. Succession planning is also included in the risks monitored by the Risk Management Committee.

From Table 10, it can be determined that the succession plan given by public companies does not provide a definitive process whereby a designated CEO(s) would be identified publically. Therefore, it can then be concluded that succession planning in the main is left up to necessity on the untimely departure of the existing CEO and does not form part of the overall strategy of the organisation.

As succession planning is one of the most important functions that a Board could fulfil during its term, it appeared to remain on the “back-burner” until it became a matter that had to be resolved with the resignation or dismissal of the existing CEO. It would seem as though the only time that succession planning was effective was when the outgoing CEO retired after a long tenure in the organisation and in these cases a “Heir Apparent” was identified and groomed to replace the existing CEO on his/her retirement.

Based on the observations in this study, it would appear that there is a dichotomy in that although the need for succession planning is regarded as being important to the ongoing and future success of the organisation, the failure to recognise, announce and groom a designated CEO leaves succession planning as event driven rather a strategic plan as proposed by Garman and Glawe (2004) and Friedman (1986).

6.2 Conclusion to Research Question 2

How does the CEO selection and appointment process take place?

Observations found in reaching this conclusion was that the Board of Directors had the sole responsibility in making the CEO appointment and that the outgoing CEO played a minor role in the selection of the incoming CEO. Even though many of the respondents expressed their desire to be part of the process it was seen that this would fall outside of their responsibilities.

In certain circumstances, shareholder might influence the choice of the incoming CEO. These circumstances were mainly there non-performance of the existing CEO or, from a South African context, the fulfilling of the Government Policy of Affirmative Action and Employment Equity (Republic of South "Employment Equity Act, No 55," 1998) which regulates Black Economic Empowerment.

The preference for insider CEO appointments was largely supported as well as the need for industry knowledge, passion and the ability to set a vision and strategy for the organisation. However, from a South African perspective, this could fall foul of the Black Economic Empowerment initiatives.

6.3 Conclusion to Research Question 3

What transition process is in place for the incoming CEO, who is involved in the process and how long is the transition period?

In this study, the average transition period for the incoming CEO was found to be between two and six months. As a result of such a short time frame, the transition process between the outgoing CEO and the incoming CEO might not be as effective for the incoming CEO. Many exiting CEOs voiced the opinion that a transition period would be futile as the incoming CEO would want to create their own impact on the organisation by developing their own vision, strategy and operating structure.

Therefore, the transition process is fraught with contradictions. On the one hand, been seen as an important process in the transferring of business knowledge, process and the history of the organisation to ensure the continuity and success of the organisation. Yet, on the other hand, incoming CEOs would not find this information useful as they might have their own vision that they wished to impart on the organisation and create their own legacy. It remains to be determined whether or not a formalised transition process that spans 12 to 18 months would be effective in alleviating some of the challenges that an incoming CEO experiences in his/her position.

Other than a short handover of the organisation, there was a limited further role that the outgoing CEO would play in the organisation. Based on this, to a large degree, the business knowledge, culture and way of doing things leaves the organisation with the exit of the outgoing CEO. The Chairman and Board of Directors view the transition process as a role that they could play to the incoming CEO. However, the dynamics as to how such a role would be played remains undetermined.

Literature describes what ought to happen during the transition process to achieve the maximum impact for the incoming CEO, the outgoing CEO and the organisation. However, transition processes were not found to have been implemented from the data of this study in any planned and structured manner. This then leaves an opportunity to explore fully a planned and unplanned transition process as a case study for future research.

6.4 Conclusion to Research Question 4

What executive coaching models can be applied to the CEO transition process?

There is an abundance of literature with regard to the benefits of executive coaching (Kiel et al., 1996; Kombarakaran et al., 2008; Saporito, 1996; Weinstock, 2011) and the purpose for using executive coaching in a leadership position, such as CEO (Clutterbuck, 2005; Kombarakaran et al., 2008; McNally & Lukens, 2006). In a transition process,

executive coaching was shown to be beneficial in a family owned business during the succession and transition process (Hartel et al., 2009).

However, no executive coaching model has provided practical evidence in the transition process between the incoming CEO and the outgoing CEO. It would seem that in the transition process, it is often the Chairman that would coach, mentor, or groom the incoming CEO in the job role, demands and expectations. However, this might be for a very limited period whereas after that, the CEO was very much left to overcome the challenges that were presented during the CEO's tenure.

Although the coaching process dictates that the coachee sets the agenda (Rogers, 2008), in terms of a transition process, there is perhaps an exception to this rule. This exception arises from the short time frame that the incoming CEO has to set the strategy, execute on the strategy, understand the nature of the business and evaluate the executive team required to deliver the strategy, understand the culture, history of the organisation as well as deliver on improved profitability (Wasylyshyn, 2003).

A documented executive coaching programme and model through the transition period would be beneficial for future research through a case study.

6.5 Conclusion to Research Question 5

What challenges does the incoming CEO experience in taking up the position?

CEOs found that stepping into an existing organisation was difficult in having to manage the existing team, deliver improved profitability, develop the vision and strategy of the organisation and cope with the increased growth in size of the organisation. This experience was no different for CEOs appointed from the inside. Many CEOs felt that they were able to overcome this challenge. There were very few current and ex-CEOs who were interviewed in this study that felt that they did not make a positive impact on the organisation.

Most CEOs by their nature enjoy challenges and, therefore, would always try to find a way to succeed in their endeavours. However, there was a cost to the CEO in making a positive impact on the organisation and the cost was more of a personal cost. Work-life balance was a problem that many of the CEOs interviewed had to overcome and seemed to be typical of a position where the job was demanding in terms of long hours, information overload and time pressures.

Other challenges included the profit expectations that were set out by shareholders, investors and the Board of Directors, especially in listed companies and private equity investments. Many CEOs felt that this was at the expense of being able to develop a well-planned strategy.

An important challenge that needed to be overcome was the relationship with the Chairman. It was found that if the relationship was not conducive and was one of conflict, the CEO would always be the one who resigned.

In a South African context, the time frame given to an incoming CEO to make an impact on the organisation was perhaps more generous than seen in the international business environment. Therefore, based on the research data the incoming CEO was effective in the organisation and was able to make a positive impact on the organisation regardless of whether or not there was a transition process in place between the outgoing CEO and the incoming CEO.

An important outcome in the data from this study was the feelings of self-doubt expressed by incoming CEOs in their ability to perform following their appointment. Linked to the feelings of self-doubt was the role of self-confidence and self-efficacy in the leadership role that the incoming CEO had to undertake. Given that self-doubt was experience more in outsider CEO appointment leaves an important aspect to be explored for future research and how executive coaching could be used in alleviating the self-doubt experienced.

Based on the evidence from this study, it could be said that coaching has not been widely considered by organisations as a tool that could be used to aid the CEO in these challenges.

6.6 Conclusion to Research Question 6

What support structures such as executive coaching, mentoring, seeking professional advice and guidance have CEOs relied on in their position?

Many CEOs relied on the services of executive coaches, business consultants and psychologists during their tenure. Other CEOs had mentors and strategic persons in their lives who played an important role in shaping themselves. CEOs who used these services did this as a means of obtaining advice and as a sounding board to resolve decisions.

The Chairman often saw himself/herself as the person who should play the support role to the CEO as a guide and mentor. Many CEOs found this support role in the Chairman, but others found that the Chairmen did not play the strategic roles that they required to assist them in overcoming the challenges that they experienced in their positions.

Executive coaching has a role to play in the CEO transition process and in assisting the newly-appointed CEO meet many of the early challenges that he/she experiences following their appointment. A more detailed discussion around the role of executive coaching in the transition process needs to be considered.

6.7 Conclusion to Research Question 7

How can executive coaching facilitate the CEO succession planning and transition process taking into account the outcomes of the research data and the best practices set out in the research study?

No evidence could be found of an organisation that utilised the services of an executive coach to assist the incoming CEO through the succession and transition process in an organisation during the initial stages of his or her appointment. In some instances, the Chairman of the organisation undertook the responsibility to groom and hand-hold the incoming CEO through the first three months of their taking up the position (Kakabadse et al., 2006; Kets de Vries, 1987).

The development of coaching framework that could support the incoming CEO in the transition period and during the initial stages of his or her appointment, or longer if required, is illustrated in Figure 18.

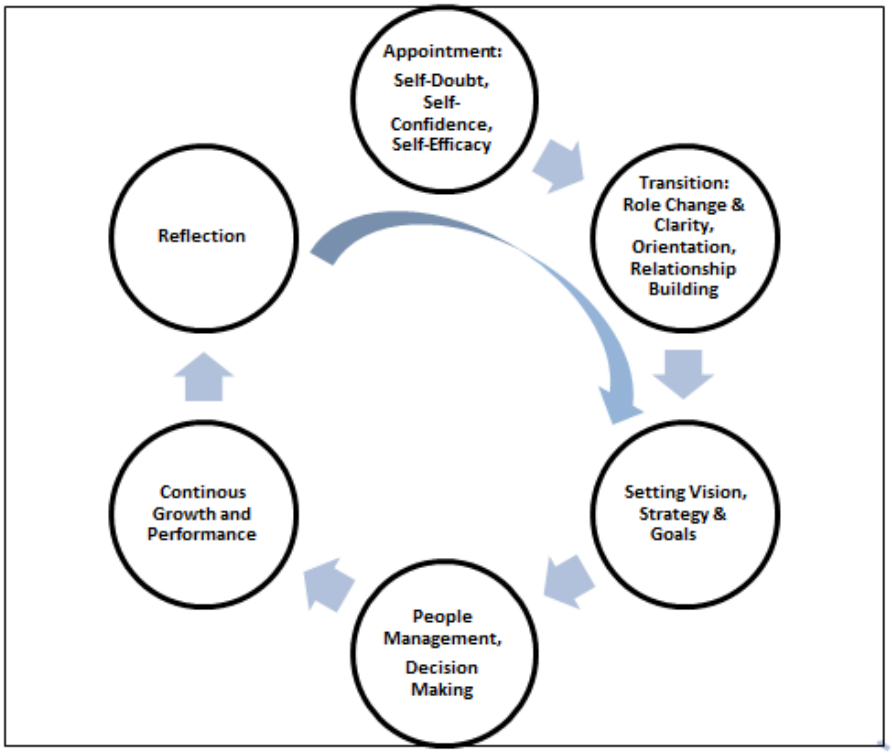


Figure 18: Coaching framework for the incoming CEO
(Student's Model)

Figure 18 illustrates a coaching framework developed by the researcher that can support the incoming CEO in the transition period and during the initial stages of his or her appointment, or longer if required. The coaching process should incorporate a number of aspects that the incoming CEO experiences in the early, and perhaps ongoing, stages of his/her tenure. The first stage of coaching should deal with the feelings of self-doubt, self-confidence or self-efficacy that the designated CEO might experience following his/her appointment. The coaching approach also needs to explore previous experiences that might give rise to these feelings (McCormick, 2001; Stajkovic & Luthans, 1998) and the development of interpersonal leadership skills that might be required in terms of the CEO position (Day, 2001).

In setting role change, role clarity, organisation orientation and relationship building, the coach needs to facilitate close interaction with the Chairman, outgoing CEO and incoming CEO. This would enable the incoming CEO to understand and close the gaps in organisational knowledge, including structure, team, culture, policies and procedures (Barnett & Davis, 2008; Dutton, 2010; Kombarakaran et al., 2008). Added to this is the initial networking of key relationships with Board of Directors, major investors, suppliers and customers as well as top management team would need to be established (Bond &

Naughton, 2011; Kakabadse & Kakabadse, 2001; Vancil, 1987). It is also important during this initial phase to obtain clarity on the specific requirements and expectations that Board of Directors has for the incoming CEO and how these would be measured (Kombarakaran et al., 2008; Saporito, 1996). Coaching could play a facilitation and mediation role in this stage of the transition process for the benefit of the incoming CEO. Coaching could also play a role in guiding the relationship between the Chairman as the outcomes that arise from this phase would serve as goals in future coaching sessions.

Setting the vision and strategy for the organisation as well as the execution of the strategy has been a well-established principle as one of the first tasks that an incoming CEO is required to undertake (Barnett & Davis, 2008; Bower, 2007; Garman & Glawe, 2004; Giambatista et al., 2005). Coaching could play a fundamental role in setting the platform that enables the incoming CEO to set the vision and strategy as well as how to achieve the timelines in achieving the goals associated with the execution of the strategy.

People management with the associated levels of conflict, motivation and influence are an important function that the incoming CEO needs to overcome in the early stages of his/her appointment if he/she wants to successfully execute on the strategy and to achieve success in meeting his/her goals (Clutterbuck, 2005; Kakabadse & Kakabadse, 2001; Lorsch & Khurana, 1999; Vancil, 1987). Part of the coaching programme should incorporate communication around the new vision and strategy to get the buy-in from the top management and the people employed in the organisation who were needed for the overall success of the strategy. Combined with this is that the incoming CEO would now be solely responsible for decision-making and problem-solving in the organisation (Pfeffer, 1992). Therefore, the coach could play a role as a sounding board where the incoming CEO has the ability to scenario play various outcomes that might emanate from a decision or seek alternatives to different problem. The coach would be able to provide this service in a “safe” space for the incoming CEO.

A challenge that many CEOs in this study found was that of coping with the continuous growth of the organisation and with this, the delivery of increased performance (Bower, 2007; Charan, 2005; O’Brien & Shunk, 2009). As the incoming CEO has limited time in which to make an impact in the organisation, this becomes increasingly challenging (Dai & De Meuse, 2007). The purpose of coaching in this stage is to ensure that the incoming CEO does not lose sight of his/her overall strategy and goal outcomes and has the necessary resources in terms of people in the organisation and the support of the Chairman to deliver on his/her strategy.

Finally, reflection is an important opportunity that the coaching relationship provides. This enables the incoming CEO to reflect on achievements and accomplishments over a period of time and to assess where the areas of strength and weakness are or what the shortcomings were that might have impacted the delivery or outcomes of the measurable goals that were put in place. Reflection also provides the time for the incoming CEO assess the impact that the CEO position has had on work-life balance and the family dynamics around this. Too much pressure from the family or too much pressure from work would ultimately lead to one or the other being neglected too greatly (Bartolome, 1983; Hall & Richter, 1988; Stock et al., 2014). Reflection also enables the incoming CEO to take a look back to see the progress made and to take a look forward to see where the organisation is going and to make any adjustments to the vision and strategy of the organisation.

It is important to note that the coaching process is not linear but rather cyclical and that there could be no set determinants that influence the process. Unexpected challenges and opportunities would arise and the coaching process would need to be adjusted to take these real life situations into account. At the same time, there needs to be a continual report back to the Chairman and for the Chairman to provide his/her inputs into the coaching process to achieve the success of the incoming CEO particularly and the organisation as a whole.

6.8 Recommendations for Stakeholders

In terms of the succession and transition process, recommendations of the literature review (Friedman, 1986; Garman & Glawe, 2004; Vancil, 1987), on-boarding theory (Cheloha & Kumaresan, 2011; Dai et al., 2011; O'Brien & Shunk, 2009) and leadership and executive coaching (Bond & Naughton, 2011; Passmore, 2007; Saporito, 1996), there is a basis for the implementation of an effective transition processes between the outgoing CEO and the incoming CEO.

However, in spite of the benefits of a transition process being well-documented, there seems to be no evidence of the practical implementation and execution of a transition process in organisations. This seems to be as a result of the majority of succession and transition processes being unplanned owing to the unexpected or untimely resignation of the existing CEO.

An added complication to the transition process is the reluctance of the Board of Directors to pre-announce a designated CEO which would lead to a planned succession and

transition process. However, the view that the outgoing CEO has regarding the unwillingness of the incoming CEO to entertain their thoughts and views of the organisation would imply that ultimately a transition process is something to aspire to but not practical to implement. This should then be the very opportunity that executive coaching requires filling the gap between the outgoing CEO and the incoming CEO to assist the incoming CEO to make the transition that he or she needs to fulfil the demands of the position and meet the requirements and expectations of the Board of Directors and ultimately the shareholders.

Executive coaching, on-boarding programmes, leadership transition coaching and mentoring or grooming all have a role to place in assisting the CEO overcome challenges, conflict and achieve the performance goals required. This might also aid the CEO in setting an optimal tenure in the organisation in order to exit the organisation timely and so doing protect and maintain their legacy within the organisation as well as setting-up the incoming CEO's chances of success by ensuring a smooth transition between the outgoing CEO and the incoming CEO.

Incoming CEOs need to conduct a due diligence on the organisation prior to them accepting the position to gain greater clarity on the scope of the position and the challenges and opportunities that are facing the organisation. The growth strategy of the incoming CEO needs the buy-in from the Board of Directors and the senior executive team to alleviate the strategy from being sabotaged and de-railing the incoming CEO. This might also alleviate some of the self-doubt that a new CEO experiences in taking up the position.

6.9 Recommendations for future research

This research study is based on interviews with a purposive sample of CEOs, ex-CEOs and Directors. The qualitative research of the study and the use of phenomenology as the research design was the basis for exploring the lived experiences of the respondents interviewed in the CEO transition period. Even though saturation was met in terms of the sample number, a more thorough quantitative research method would have been more representative of the population in order to draw more conclusive results and conclusions.

The literature was mainly from international sources and the corporate governance and regulatory environment is far different to that in South Africa. The lack of South African academic research into the CEO succession and transition process was a limitation in

terms of a critical assessment of the theory to the practice in South Africa of this study but also presents as an opportunity for future research

The diversity of organisations that were represented in the sample might also lead to variations in the results and conclusions. Had founder or family-owned businesses been the sample, the succession and transition process results may be different from the results obtained from this study.

Therefore, recommendations for future study would be to select a less diversified organisational representation and have it limited to either public or private organisations or founder/family-owned business. A comparison between the two kinds of entities might provide the solution to the succession and transition planning dichotomy that this research study has uncovered.

.A comprehensive case study that documents a planned and unplanned succession and transition process would be recommended for future research. The study should work closely with both the incoming CEO and outgoing CEO as well as the Chairman and Board of Directors to determine the processes and procedures that take place in the succession and transition process. This would then enable the researcher to fully understand the challenges, shortfalls and successes in place in terms of a transition process and to determine the role and benefits that executive coaching could have in the transition period.

The feelings of self-doubt that the newly-appointed CEO experiences is an important outcome from the data in this study and is an area that should be explored in terms of executive coaching to alleviate these feeling and create confidence in the persons' ability to fulfil the roles and functions of CEO.

As a succession event invariably impacts the value of the organisation, the final recommendation is for stakeholders in terms of reviewing the succession planning policies within the organisation to ensure that the policy is a living document that is continuously reviewed and updated taking into account the talent within and outside the organisation. With this should be a well-orchestrated executive transition process that would serve the organisation in the event of the planned or unplanned exit of the existing CEO. With this would come the necessity to implement executive incentives structures to ensure the long-term retention of key executives and the alignment of the future vision of the organisation, the Board of Directors and, ultimately, the shareholders.

Executive coaching could be beneficial in the CEO transition process in terms of assisting and enabling the incoming CEO to meet all the initial challenges that might be experienced. Literature regarding executive coaching in the CEO transition process was scant. Therefore, further research is required to quantify the benefits that executive coaching can achieve for the incoming CEO. The concept of executive coaching was not largely familiar to the respondents in this study and, therefore, the exposure to coaching was limited. This creates an opportunity for executive coaches to explore the CEO transition process as a means of adding value to the organisation.

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APPENDIX A: Summary of executive coaching, succession planning and leadership transitional coaching models

Executive Coaching Models	Succession Planning Models	Leadership Transitional Coaching Model
Passmore's Integrative Model (Passmore, 2007) 1. Develop the coaching partnership; 2. Maintaining the coaching partnership which encompasses the emotional intelligence aspects of the partnership; 3. Behavioural focus to change behaviour through developing problem-solving and planning skills; 4. Conscious cognition to deepen the coachee's understanding of the relationship between their thoughts and behaviour; 5. Unconscious cognition to draw unconscious thoughts and motivation into conscious awareness in order to deepen self-awareness.	Friedman's Four-Stage Succession Model (Friedman, 1986) 1. Establish the need for a succession event; 2. Determine selection criteria; 3. Select candidates; 4. Choose among the candidates In order to achieve successful outcomes the following variables must be considered: 1. Succession system characteristics; 2. Contextual conditions; and 3. Organisational-level outcomes	Bond and Naughton Leadership Transitional Coaching Tool (Bond & Naughton, 2011) 1. Role design and assessment of competencies and potential; 2. Transition coaching & mentoring to support CEO in terms of role change and development of new leadership styles and behaviour; 3. 4-way contract between coach, leader, mentor and organisation; 4. Accountabilities of new CEO including boundaries and powers; 5. Performance goals setting out criteria, milestones, targets, deadlines to evaluate new CEO's performance; 6. Strategic connections between the organisation's short term and long term plans; 7. Relationships and networks need to be developed internally and externally; 8. Measures of effectiveness of the new CEO and organisation; 9. Post transition support will be ongoing

Executive Coaching Models	Succession Planning Models	Leadership Transitional Coaching Model
Saporito' s Executive Coaching Model (Saporito, 1996) 1. Setting the foundation in order to understand the organisation's requirements, culture, philosophy and industry context in order to identify the personal qualities required from leaders to achieve success; 2. Assessment of the individual to gain data and insights that will form the leader's development picture; 3. Development planning through feedback and creating a leadership development plan to focus on strengths, development needs and experiences; 4. Implementation of outcomes through coaching.	Garman and Glawe's Top-Level Succession Planning (Garman & Glawe, 2004) 1. Succession process - is driven by the Board (with shared responsibility with CEO), ongoing and openly communicated; 2. Selection – is identifying a specific successor; 3. Development – create and implement development plans and succession timelines; 4. Transition – clear exit strategy for outgoing CEO and post-succession assessments for incoming CEO to identify any potential problems	

APPENDIX B: The Interview Guide

INTERVIEW GUIDE

Retired or Ex-CEO's

1. Tell me about how you came to be the CEO of the organisation?
2. What was your experience in taking up by the position?
3. How was a replacement found for you?
4. Who made the selection?
5. What was the Board's involvement?
6. What period of time did you spend with the new CEO?
7. What was your main focus in this period?
8. Looking back how would you have liked the process to work, both in your appointment and in your hand-over?

Current CEO's

1. Tell me about your experience in being appointed as a CEO (insider/outsider/founder)?
2. What were the challenges that you faced in taking up the position?
3. What time period were you given to make changes/start having an impact on the business?
4. Is you contract open ended or for a fixed period? What then?
5. Have you thought about who will replace you as CEO?
6. How do you find a replacement – what process will you follow?
7. Who will make the ultimate decision in the appointment of the new CEO?
8. What will be your role in handing over the CEO position to the new candidate?
9. What would you do differently to handing over to a new CEO than you experienced in taking up the position as CEO?

Board of Directors

1. How often does the Board discuss succession planning at Board meetings?
2. What do you look for in selecting a new CEO?
3. Who forms part of the selection committee?
4. What mandate do you give the incoming CEO?

5. How soon do you start looking for a potential CEO?
6. Who does the on-boarding /transition process with the incoming CEO?
7. What do you think are the most important issues that the incoming CEO faces in taking up the position?
8. How does the Board relay this to the incoming CEO?
9. What is the period of time that you give the new CEO to start effecting changes/having an impact on the performance of the organisation?

APPENDIX C: Consent Letter and Form

The Graduate School of Business Administration

2 St David's Place, Parktown,
Johannesburg, 2193,
South Africa
PO Box 98, WITS, 2050
Website: www.wbs.ac.za

Wits Business School
Sculpting global leaders

Date:……..

MMBEC RESEARCH CONSENT FORM

Dear ……

PARTICIPATION IN RESEARCH STUDY – CEO TRANSITIONS: THE IMPLICATIONS FOR COACHING

I am conducting research for the purpose of completing my Masters of Management in Business and Executive Coaching at Wits Business School.

My research is on CEO transitions and the implications of this for coaching. I am conducting a qualitative study and am interviewing a number of CEOs in both public and private companies to establish the CEO success processes that may be in place in your company and to find out about your CEO experience.

It would be a great privilege if I were able to interview you. The time required for the interview would be in the order of between 60 and 90 minutes. I will be required to tape the interview in order to accurately record what is relayed. I would appreciate it if you were able to participate in the research and to enable me to tape the interview that I would conduct with you.

Confidentiality will be maintained, both in terms of your identity and the company that you represent. Other persons that will have access to the interview may be people responsible for making sure that research is done properly, including my academic supervisor/s. Please note that these people are required to keep your identity and the company's details confidential. Your and the company's identities will be kept anonymous through referencing you and the company by pseudonyms. After the completion and marking of the thesis all interview records will be destroyed.

Your participation in the study will be extremely helpful to understanding the challenges and dilemmas that incoming CEOs face in taking up the position and to enable a best practice to be developed

around the CEO succession planning and transition process in companies. Hopefully executive coaching will be seen as an outcome that can facilitate this process.

If you would like to receive feedback on the study, I can send you the results of the study when it is completed towards the end of 2014.

This research has been approved by Wits Business School. If you have any complaints or concerns about ethical aspects of the research, please contact the Research Office Manager at the Wits Business School, Mmabatho Leeuw, Mmabatho.leeuw@wits.ac.za

If you have concerns or questions about the research you may call my academic research supervisor Dr. Kerrin Myers on 011 485 3055 or email on resonate@icon.co.za.

If you are willing to participate in this research study, I would appreciate you signing the attached consent form and returning it to me. On receipt of the consent form, I will be able to schedule a convenient time with you to conduct the interview.

I look forward to hearing your response and hoping that you will be able to participate in this research study.

Yours faithfully

Edelweiss Gray

Contact Number: 082 920 9159
Email: simmat@iafrica.com

CONSENT FORM

I hereby agree to participate in the research study on *CEO transitions: the implications for coaching*. I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop participating at any point should I not want to continue.

I understand that this is a research project whose purpose is not necessarily to benefit me personally in the immediate or short term.

I understand that my participation and that of the company I represent will remain confidential.

……..

Signature of participant **Date**:……..

I hereby agree to the tape-recording of my participation in the study.

……..

Signature of participant **Date**:……..

APPENDIX D: The summary of the coding process outcome

Code	BOD	Current CEO	Ex-CEO	Total	Category	Theme
Board mandate in CEO vision and strategy	7	3	6	16	Board role in the organisation	CEO Challenges
CEO and performance	5	21	28	54	CEO Performance, Retention and Incentives	CEO Challenges
CEO and relationship with the Board	0	3	5	8	Board role in the organisation	CEO Challenges
CEO challenges	0	10	16	26	CEO Challenges	CEO Challenges
CEO challenges in carrying out growth strategy	0	1	19	20	CEO Challenges	CEO Challenges
CEO challenges in getting buy-in from existing staff	0	3	0	3	CEO Challenges	CEO Challenges
CEO challenges in start-up vs existing company	0	3	0	3	CEO Challenges	CEO Challenges
CEO challenges stepping in to an existing organisation	0	4	3	7	CEO Challenges	CEO Challenges
CEO growth strategy	0	8	9	17	CEO roles and responsibilities	CEO Challenges
CEO personal challenges	0	5	2	7	CEO Characteristics	CEO Challenges
CEO role in management	0	15	10	25	CEO roles and responsibilities	CEO Challenges
CEO successes	3	6	6	15	CEO Performance, Retention and Incentives	CEO Challenges
CEO vision for organisation	0	8	1	9	CEO roles and responsibilities	CEO Challenges
CEO's appointment of staff	0	0	3	3	CEO roles and responsibilities	CEO Challenges
CEO's view on employees in organisation	0	11	0	11	CEO roles and responsibilities	CEO Challenges
Decision making in the organisation	0	8	2	10	CEO roles and responsibilities	CEO Challenges
Feelings around business growth	0	1	0	1	Feelings/Thoughts/Views	CEO Challenges
Impact of change of Board to CEO	0	0	4	4	CEO relationship with the Board	CEO Challenges
Shareholder/Institutional control	0	8	8	16	Shareholder/Institutional influences	CEO Challenges

Code	BOD	Current CEO	Ex-CEO	Total	Category	Theme
Strategic organisation challenges	0	0	4	4	CEO Challenges	CEO Challenges
Strategic vision of business	0	7	0	7	CEO Challenges	CEO Challenges
Strategy planning and implementation	0	0	3	3	CEO Characteristics	CEO Challenges
Board responsibility in appointing CEO	2	0	0	2	CEO Appointment	CEO Selection and Appointment Process
Board selection process	7	0	0	7	Selection Process	CEO Selection and Appointment Process
CEO Appointment	1	12	13	26	CEO Appointment	CEO Selection and Appointment Process
CEO's personal concerns regarding appointment	0	4	3	7	CEO Appointment	CEO Selection and Appointment Process
Chairman's role in the appointment of the new CEO	1	0	0	1	Selection Process	CEO Selection and Appointment Process
Challenges in appointing insider CEO	3	0	0	3	Selection Process	CEO Selection and Appointment Process
Concerns regarding CEO appointment	1	1	0	2	CEO Appointment	CEO Selection and Appointment Process
Importance of correct CEO appointment	6	0	0	6	Succession Planning	CEO Selection and Appointment Process
Insider appointment advantages	2	0	0	2	Selection Process	CEO Selection and Appointment Process
Insider appointment disadvantages	2	0	0	2	Selection Process	CEO Selection and Appointment Process
Insider CEO appointment	2	0	0	2	Selection Process	CEO Selection and Appointment Process
Insider selection	0	8	4	12	Selection Process	CEO Selection and Appointment Process
Insider vs Outsider CEO appointment	4	0	1	5	Selection Process	CEO Selection and Appointment Process
Market perception of CEO appointment	1	0	0	1	Selection Process	CEO Selection and Appointment Process
Search process for a new CEO	10	0	0	10	Selection Process	CEO Selection and Appointment Process

Code	BOD	Current CEO	Ex-CEO	Total	Category	Theme
Shareholder role in new CEO appointment	3	0	3	6	Shareholder/Institutional influences	CEO Selection and Appointment Process
Successful CEO appointment	2	0	0	2	Selection Process	CEO Selection and Appointment Process
Tenure of CEO	6	10	4	20	CEO Appointment	CEO Selection and Appointment Process
CEO role in finding successor	0	11	0	11	Succession Planning	CEO Succession Planning
Board role in CEO succession and selection process	2	15	10	27	Succession Planning	CEO Succession Planning
CEO resignation process	0	1	13	14	Resignation process	CEO Succession Planning
CEO transition to Board role	0	4	0	4	Succession Planning	CEO Succession Planning
CEO's personal feelings about the Board and resignation	0	0	3	3	Resignation process	CEO Succession Planning
CEO's view on organisation reaction when they step down	0	3	1	4	Resignation process	CEO Succession Planning
Competition for CEO position	0	6	0	6	Succession Planning	CEO Succession Planning
Corporate Governance and succession planning	3	3	2	8	Succession Planning	CEO Succession Planning
Feelings around passing on CEO position	0	5	0	5	Succession Planning	CEO Succession Planning
Founders exit strategy	0	0	8	8	Resignation process	CEO Succession Planning
Grooming the potential CEO successor	0	1	1	2	Succession Planning	CEO Succession Planning
Lots of thought in the succession planning	0	2	0	2	Succession Planning	CEO Succession Planning
Notifying market of succession plan	0	1	0	1	Succession Planning	CEO Succession Planning
Personal concern of CEO succession planning	0	8	0	8	Succession Planning	CEO Succession Planning
Problems with identifying a CEO “Heir Apparent”	2	0	0	2	Succession Planning	CEO Succession Planning
Resignation of CEO	2	0	0	2	Resignation process	CEO Succession Planning
Succession planning	0	18	10	28	Succession Planning	CEO Succession Planning
Succession planning difficulties	3	0	0	3	Succession Planning	CEO Succession Planning
Succession planning strategy	1	19	10	30	Succession Planning	CEO Succession Planning
Succession selection	0	6	5	11	Succession Planning	CEO Succession Planning

Code	BOD	Current CEO	Ex-CEO	Total	Category	Theme
Time period to find a successor	3	3	0	6	Succession Planning	CEO Succession Planning
Timing of CEO to relinquish position	0	10	0	10	Succession Planning	CEO Succession Planning
CEO transition process	1	29	19	49	Transition Process	CEO Transition Process
CEO's view on what would happen if they are not there	0	12	2	14	Transition Process	CEO Transition Process
Role of ex CEO in the organisation	3	24	3	30	Transition Process	CEO Transition Process
Coaches/Mentors/Role Models/Consultants	0	10	2	12	Coaching/Grooming/Mentoring	Role of Coaching/Mentoring
Coaching/Grooming/Mentoring	5	25	5	35	The place for coaches, mentors, consultants	Role of Coaching/Mentoring
Coaching/Mentoring/Grooming/Consultants	0	13	4	17	The place for coaches, mentors, consultants	Role of Coaching/Mentoring
Board role in growth strategy	4	0	0	4	Board role in the organisation	Support Structures
Board role in managing the CEO	1	0	0	1	Board role in the organisation	Support Structures
CEO and getting advice	0	5	2	7	Support roles for CEO	Support Structures
Grooming the incoming CEO	5	9	0	14	Support roles for CEO	Support Structures
Role of board in CEO position	0	2	1	3	CEO relationship with the Board	Support Structures
Role of Chairman to CEO	8	0	4	12	CEO relationship with the Board	Support Structures
Support roles for the CEO	0	5	11	16	Support roles for CEO	Support Structures
	49	**260**	**120**	**429**		

BOD = Board of Directors

APPENDIX E: University of Witwatersrand Research Approval Letter

Faculty of Commerce, Law & Management
Private Bag 3 Wits, 2050
Fax: 0270865536132
Tel: 02711 7178007

Reference: Mrs Vanishree Pillay
E-mail: vanishree.pillay@wits.ac.za

09 April 2014
Person No: 758955
PAG

Mrs E Gray
P O Box 651644
2010
South Africa

Dear Mrs Gray

Master of Management: Approval of Title

We have pleasure in advising that your proposal entitled *CEO transitions: Implications for coaching in South Africa* has been approved. Please note that any amendments to this title have to be endorsed by the Faculty's higher degrees committee and formally approved.

Yours sincerely

Mrs Marike Bosman
Faculty Registrar
Faculty of Commerce, Law & Management

APPENDIX F: Results of CEO turnover in the Top 40 JSE companies

Top 40 Companies listed on the JSE @ 24th November 2014	Current CEO	Date Appointed	Insider/ Outsider	Press Date	Previous CEO	Date Appointed	Date Resigned	Tenure	Comment	References
Anglo American PLC	Mark Cutifani	Apr-13	Outsider	Jan-13	Cynthia Carroll	Oct-06	Apr-13	6 years	Announced Oct 2012. Reasons given shareholder pressure. Will stay on until a successor is found (April 2013)	("Anglo American appoints Mark Cutifani as Chief Executive," 2013); (England et al., 2012); (Thompson, 2013)
Anglo Platinum	Chris Griffith - appointed	Sep-12	Outsider	Jul-12	Neville Nicolau's	Jun-08	Jul-12	4 years	Resigned "to pursue other interests". Became CEO of Basil Read 1 Sep 2014	("Appointment of Neville Nicolau as Chief Executive Officer," 2008); ("Anglo American Platinum announces appointment of Chris Griffith as CEO," 2012)
AngloGold Ashanti	Srinivasan Venkatakrishnan	May-13	Insider	May-13	Mark Cutifani	Oct-07	Mar-13	6½ years	Appointment as CEO Anglo American. Appointed internal CFO to be joint interim CEO until replacement CEO found	("AngloGold Ashanti announces departure of Mark Cutifani," 2013); (Candy, 2013)

Top 40 Companies listed on the JSE @ 24th November 2014	Current CEO	Date Appointed	Insider/ Outsider	Press Date	Previous CEO	Date Appointed	Date Resigned	Tenure	Comment	References
Aspen Pharmacare	Stephen Saad (Global (Founder)) / Noel Guliwe (SA operations)	Jan 1999/ Jan 2009	Insider/ Outsider	Jan-09						("Aspen appoints Guliwe as CEO of its South African Business," 2013)
Barclays Africa	Maria Ramos - left Transnet Feb 2009	Mar-09	Outsider	Nov-08	Steve Booysen - stayed on until Maria Ramos was appointed	Aug-04	Nov-08	4 years	Voluntary (2 years ahead of schedule)	(Rose, 2009); (Leaves, 2008)
BHP Billiton PLC	Andrew MacKenzie	May-13	Insider	Feb-13	Marius Kloppers	Oct-07	May-13	6 years	Asked to retire	("Marius Kloppers opts to retire, Andrew Mackenzie to become CEO," 2013)
BidVest Group	Brian Joffe (Founder)	1988	Founder							
British American Tobacco	Nicandro Durante	Mar-11	Insider	Jun-10	Paul Adams	2004	Feb-11	7 years	Retired - Duranted was appointed CEO designate in Sep 2010	("British American Tobacco: Nicandro Durante Chief Executive," 2011); (Mulier & Jarvis, 2010)
Discovery Ltd	Adrian Gore (Founder)	1992	Founder							
Exxaro Resources	Sipho Nkosi (co-Founder)	Sep-07	Founder							
FirstRand Ltd	Sizwe Nkosana	Jan-10	Insider	Jun-09	Paul Harris	1999	2010	11 years	Founder - retired. Designated since 2006	("FirstRand 2010 Annual Report: Board of Directors," 2010)

Top 40 Companies listed on the JSE @ 24th November 2014	Current CEO	Date Appointed	Insider/ Outsider	Press Date	Previous CEO	Date Appointed	Date Resigned	Tenure	Comment	References
Glencore PLC	Ivan Glasenberg	Jan-02	Insider						CEO appointed as a result of merger with Xtrata	
GrowthPoint Properties	Norbert Sasse	2003	Founder							
Impala Platinum	Terrence Goodlace	Jan-12	Outsider	Jan-12	Steve Kearney (David Brown 2 years subsequent))	1990	Sep-00	10 years	Ill health/ David Brown resigned 18 Jan 2012)	("Implats CEO Steve Kearney resigns," 2000); (E. Stoddard, 2012); (Lourens, 2012)
Imperial Holdings	Mark Lamberti	Mar-14	Outsider	Feb-14	Hubert Brody	Jun-07	Feb-14	6 years	Resigned	(Bhuckory, 2013); ("Mark Lamberti is Imperial's new CEO," 2014)
Investec Ltd	Stephen Koseff (Founder)	1997	Founder							
Kumba Iron Ore Ltd	Norman Mbazima	Sep-12	Outsider	Jul-12	Chris Griffith	Jul-08	Sep-12	4 years	Appointed as CEO of Anglo Plats	("AngloAmerican: Executive Committee," 2014); ("Kumba Iron Ore announces the resignation of Chris Griffith and the appointment of Norman Mbazima as CEO and executive director of the Company," 2012);

Top 40 Companies listed on the JSE @ 24th November 2014	Current CEO	Date Appointed	Insider/ Outsider	Press Date	Previous CEO	Date Appointed	Date Resigned	Tenure	Comment	References
Life Healthcare	Andre Meyer	Mar-14	Outsider	Nov-13	Michael Flemming	Jun-05	Jun-14	9 years	Retired	("Life Healthcare CEO to retire," 2013)
MediClinic Int	Danie Meintjes	Apr-10	Insider	Aug-09	Louis Alberts	1990	Apr-10	10 years	Retired	("MediClinic: CEO Announcement," 2009); ("MDC-Medi-Clinic-Changes to the Board of Directors," 2010)
MMI Holdings Ltd	Nicolaas Kruger	Dec-10	Insider						Merger appt from Momentum and Metropolitan (Deputy CEO Wilhelm van Zyl left to join Reinet)	("MMI Holdings: Board of Directors," 2014)
Mondi PLC	David Hathorn	May 2007	Insider							("Mondi: Management Team," 2014)
Mr Price Group	Stuart Bird	Jan 2012	Insider	Nov-11	Alastair McArthur	1997	Nov-11	14 years	2008 succession plan announced to find successor. 2 year handover process	("Mr Price Group Limited: Board of Directors," 2014); ("Retirement of Chairman of the Board and appointment of successor," 2011)
MTN Group Ltd	Sifiso Dabengwa	Mar-11	Insider	Dec-10	Phuthuma Nhleko	Jul-02	Mar-10	8 years	1 year to find a replacement	("MTN appoints Sifiso Dabengwa as CEO," 2010); (de Wet, 2010)

Top 40 Companies listed on the JSE @ 24th November 2014	Current CEO	Date Appointed	Insider/ Outsider	Press Date	Previous CEO	Date Appointed	Date Resigned	Tenure	Comment	References
Naspers Ltd-N	Bob van Dijk	Apr-14	Insider	Feb-14	Koos Bekker		Apr-14	17 years	Bekker will step down from the Board for 1 year in order to allow van Dijk to settle in	("Koos Bekker steps down as Naspers CEO," 2014); (Gundan, 2014)
Nedbank Group	Michael Brown	Mar-10	Insider		Thomas Boardman	Dec-03	Feb-10	7 years	Retired	("Nedbank Group: Board of Directors," 2014)
Netcare Ltd	Richard Friedland	Sep-05	Insider		Jack Shevel	1996	2005	9 years	Resigned	(Welbourne, 2014)
Old Mutual PLC	Julian Roberts	Sep-08	Insider	Sep-08	Jim Sutcliffe	Nov-01	Sep-08	7 years	Immediate resignation due to losses	("Old Mutual: Group Executive," 2014); ("Old Mutual CEO resigns amid soaring VA costs," 2008); ("Old Mutual: Mike Levett splits role of Chairman and Chief Executive," 2001)

Top 40 Companies listed on the JSE @ 24th November 2014	Current CEO	Date Appointed	Insider/ Outsider	Press Date	Previous CEO	Date Appointed	Date Resigned	Tenure	Comment	References
Reinet Invest-DR	Wilhelm van Zyl	Dec-14	Outsider	Jul-14	Alan Grieve	Jan-12	Dec-14	3 years	Retire	("Reinet Investments S.C.A. : Senior Management Changes - Appointment of new Chief Executive Officer," 2012); ("Reinet Investments S.C.A.: Appointment of new Chief Executive Officer," 2012)
Remgro Ltd	Jannie Durand	May-12	Insider	May-12	Thys Visser		Apr-12		CEO Died	("New CEO for Remgro," 2012)
Richemont-DR	Johann Rupert	Nov-09	Insider	Nov-09	Norbert Platt	2004	Nov-09	5 years	Retiring due to health reasons	(Lloyd, 2009)
RMB Holdings Ltd	Alan Pullinger	Sep-08	Insider	Aug-08	Michael Pfaff	Nov-00	Dec-08	8 years	Pullinger acted as Deputy CEO since April 2008	("Alan Pullinger appointed Rand Merchant Bank CEO," 2008)
RMI Holdings	Herman Bosman	Sep-14	Outsider	Oct-13	Peter Cooper	Aug-10	Sep-14	4 years	Succession plan to be implemented over 12 months	(Mahomed, 2013); ("RMB Holdings Ltd: Executive Profile Peter Cooper," 2014)
SAB Miller	Alan Clark	Jul-13	Insider	Apr-13	Graham Mackay	1999	Apr-13	14 years	CEO Died	(Fletcher, 2013); (Jones, 2013)

Top 40 Companies listed on the JSE @ 24th November 2014	Current CEO	Date Appointed	Insider/ Outsider	Press Date	Previous CEO	Date Appointed	Date Resigned	Tenure	Comment	References
Sanlam Ltd	Ian Kirk	Dec-14	Insider	Sep-14	Johan van Zyl	Apr-03	Dec-14	11 years	Santam CEO announced to take his position ahead of his retirement - 3 months transitions. Age 57 needs to retire at 60	(Ndzamela, 2014); (Whitfield, 2014)
Sasol Ltd	David Constable	Jul-11	Outsider		Pat Davies	Jul-05	2011	6 years	Retired Pat Davies and Trevor Munday Deputy	("Sasol Limited Group Executive Committee," 2014); ("Profile: Lawrence Patrick Adrian Davies," 2014)
Shoprite Holdings	Whitey Basson	1979	Insider							("Shoprite Holdings Limited: Directors," 2014)
Standard Bank Group	Sims Tshabalala / Ben Kruger	Apr-13	Insider	Apr-13	Jacko Maree	2000	Mar-13	13 years	Succession plans were a horse race of 3 contenders (Peter Wharton-Hood)	(Mittner, 2013)
Steinhoff INTL	Markus Jooste	2000	Insider							("Steinhoff International Holdings Ltd: Board of Directors," 2014)
Tiger Brands Ltd	Peter Matlare	Apr-08	Outsider	Feb-08	Nick Dennis	Feb-94	Feb-08	14 years	Early retirement	(Palmer, Dunford, & Akin, 2008)

Top 40 Companies listed on the JSE @ 24th November 2014	Current CEO	Date Appointed	Insider/ Outsider	Press Date	Previous CEO	Date Appointed	Date Resigned	Tenure	Comment	References
Vodacom Group	Mohamed Shammel Aziz Joosub	Mar-13	Insider	Jul-12	Pieter Uys	Oct-08	01-Sep-12	4 years	Resigned but remains in position until new CEO takes position	("Vodacom Group Ltd: Executive Profile: Mohamed Shameel Aziz Joosub ", 2014);("Vodacom announces the appointment of Pieter Uys as CEO," 2008); (Fripp, 2012)
Woolworths Holdings	Ian Moir	Nov-10	Insider	22-Nov-10	Simon Susman	2002	Nov-10	8 years	Retired	("Woolworths Holdings Ltd: WHL Directorate," 2014); (Jana, 2010)

APPENDIX G: Diagrammatical representation of the linking of themes

