



## From the President's Desk

### INSIDE ADVANTAGE: GROW SUCCESSORS FROM WITHIN

*Suzanne Miklos, Ph.D.*

Only about half of large companies have a written succession plan and approximately one-third of family businesses have one. Boards are becoming more vocal about the need for a plan, creating a significant risk for business continuity.

A prominent example of the good and awkward sides of succession planning was the 2013 announcement by Steve Ballmer that he was stepping down. The initial search was heavily focused externally. After several misfires, an internal candidate, Satya Nadella, became a successful CEO who changed the culture from a know-it-all to a learn-it-all culture.

Poor C-suite transitions wipe out \$1 trillion in market value annually, impacting even everyday investors. External hires are much more likely to fail and only have an edge in the case of a company that needs a turnaround. For successful firms, the probability of destroying value and the 84% higher exit rate makes a compelling case for internal talent.

The need for the development of internal talent to prepare them for CEO roles is critical. With support from the current CEO, the organization's board should identify the critical success factors. Assessments including 360 feedback assessments provide deep insight and feedback to the organization and the potential successors that allow for meaningful development experiences, assignments, and education to fill in gaps. Best practice begins with the assessment process three to five years in advance to allow potential successors to try on new leadership assignments and demonstrate that they are ready. Ideally, development for potential successors is concurrent with leadership



development for the top levels of management increasing retention, engagement, and team performance.

A typical process will provide objective data and success criteria to form a development program that may involve outside learning, cross-functional assignments, coaching, and mentoring. Our 360 process provides a targeted re-measurement of competencies flagged for growth and the on-the-job assignments allow for a real-life evaluation of capabilities.

We have frequently seen top successors not be ready, resulting in the risk of an external hire. Or they leave because they did not feel they were receiving signals that the organization valued them. CEOs have a responsibility to their organizations and boards to build a capable bench making an external search an option.

Cultivating internal successors is a win for the organization, less risky for investors, career building for those developed, and a win for the culture. Except in case where there is a need for a turnaround or the CEO's skill sets cannot be grown internally, there is a tremendous advantage in developing a ready pool of successors for C-suite roles.



### THE POWER OF STORYTELLING IN LEADERSHIP: HOW GREAT LEADERS USE STORIES TO DEVELOP LEADERS

*Tim Jesurun, Ph.D.*



An essential part of being a leader is not only coaching others on skill gaps and behavior problems but also developing people to step into new roles. While there are many tools for leadership development, one that is often underutilized is storytelling. More than just a form of entertainment, storytelling is a strategic tool that can contextualize leadership decisions and prepare the next generation of leaders for the responsibilities they will one day inherit.

#### STORYTELLING AS A SUCCESSION PLANNING TOOL

##### 1. Creating Vision and Purpose for Future Leaders

Stories help leaders articulate a compelling vision and instill a sense of purpose within the leaders they are developing. By sharing narratives about their own journey through challenges and how they were able to impact the organization, leaders paint a vivid picture of the desired future and the values that drive success. This helps rising leaders not only understand the direction but also step into roles that align with this vision through thoughtful delegation. By entrusting emerging leaders with responsibilities tied to the company's future, they are better equipped to lead when the time comes.

##### 2. Teaching Through Real-Life Examples

Leadership stories offer valuable lessons that go beyond abstract concepts. Whether recounting successes or failures, leaders can provide lessons

that resonate more deeply than abstract concepts or directives. The true impact of these stories comes when they are paired with delegation. Assigning tasks that allow future leaders to apply the lessons learned creates an experiential learning environment. This approach ensures that succession planning isn't just theoretical, but grounded in real-world practice.

##### 3. Guiding Leaders Through Change and Growth

Effective succession planning prepares leaders to manage change and navigate transitions. Leaders can use storytelling to highlight critical moments of transformation within the organization, laying out the reasons for change and the path forward. Among the leaders I have assessed, a common gap is the ability to envision and communicate where the organization should be headed. This is where our leadership development work helps identify and address these gaps, ensuring that emerging leaders are equipped with the skills to lead the organization forward. By delegating key roles during transitions, leaders offer future successors the opportunity to develop capabilities while still receiving guidance and support.

Storytelling is not only a powerful communication tool but also an essential part of effective succession planning. When combined with thoughtful delegation, stories do more than teach—they actively develop future leaders by offering real-world experiences. Reflecting on pivotal moments—where challenges were identified, a vision was set, and a team was guided to success—can form a leader's "teachable point of view." Sharing these moments with high-potential employees, and connecting them to practical applications, helps build a strong leadership pipeline. This intentional approach ensures the organization is equipped with leaders ready to take on future challenges and continue driving success.



# HIGH-STAKES HIRING: THE CHALLENGES OF EXTERNAL HIRING & THE POWER OF SUCCESSION PLANNING

Rachael Stahl M.A

When looking to fill high-level leadership positions, is it better to “buy” or “build”? In today’s dynamic business environment, organizations often face a tough decision of whether to hire internally or externally. While external candidates bring fresh perspectives, research indicates **hiring externally not only costs approximately 18-20% more, but those hires are also more likely to underperform their internal counterparts for the first two years** (Fanning, 2017).

## CHALLENGES OF HIRING EXTERNAL CANDIDATES

**1. Cultural Fit:** External candidates might struggle to adapt to the company’s culture leading to friction with existing teams and undermining overall cohesion. This cultural mismatch can also impact employee morale and productivity (Krell, 2015; Sabina & Colwell, 2018).

**2. Longer Onboarding Periods:** External hires do not have the same institutional knowledge as internal candidates and often require extended onboarding to acclimate to the organization’s operations, strategies, and personnel (Krell, 2015; Sabina & Colwell, 2018).

**3. Risk of Unmet Expectations:** The new hire’s failure to meet expectations can lead to stakeholder dissatisfaction and swift turnover, which is both costly and disruptive for the organization. Research indicates that although external hires tend to receive higher starting salaries, their performance evaluations are significantly lower than internal candidates (Bidwell, in their first year (Steinhorst, 2023)).

## ROLE OF SUCCESSION PLANNING

Succession planning can significantly alleviate these challenges by ensuring the continuity of critical roles (Van Vulpen, 2024). Effective succession planning involves:

**1. Identifying Internal Talent:** By nurturing internal candidates, organizations can cultivate leaders who are already familiar with the company culture and operational nuances. While external candidates can be brought in to fill a role, it often takes much longer to bring them up to speed (Krell, 2015).

**2. Creating a Leadership Pipeline:** A structured succession plan ensures that there is a pool of qualified candidates ready to step into leadership roles when needed (Van Vulpen, 2024). This proactive approach reduces the reliance on time-sensitive external hiring and mitigates the risks associated with abrupt transitions.

**3. Ongoing Training and Development:** Beyond identifying potential leaders, it is also important to develop them. This preparation helps candidates grow the skills needed to be most effective in their future roles (Van Vulpen, 2024).

In summary, the decision to fill high-level leadership positions with internal or external candidates should be considered carefully. Whether hiring internally or externally, effective succession planning is important for ensuring a company’s long-term success. Focusing on developing leaders for the future, and leveraging tools like the 4R Leaders 360 Platform, can mitigate potential pitfalls in the hiring process and enhance organizational stability.

### References

- Bidwell, M. (2011). Paying more to get less: The effects of external hiring versus internal mobility. *Administrative Science Quarterly*, 56(3), 369-407.
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- Van Vulpen, E. (2024, April 4). Succession Planning: Essential guide for HR. *AIHR*.

## CASE STUDY: UNLOCK LEADERSHIP POTENTIAL WITH THE 4R LEADERS 360 PLATFORM

Jessica, a confident and results-driven leader, faced unexpected challenges after her promotion to middle management. Despite her past success, she struggled with team tensions and declining performance, realizing her hard-driving approach wasn't effective. Nine months into her role, her boss recommended the 4R Leaders 360 Platform for comprehensive feedback. Initially hesitant, Jessica discovered that while she excelled in task-related skills, her people skills needed improvement. Armed with insights from the platform, she made impactful changes, improving team dynamics and her leadership effectiveness. Thanks to the early intervention and insights from the 4R Leaders 360 Platform, Jessica was promoted again within three years.

## WHY CHOOSE THE 4R LEADERS 360 PLATFORM

The 4R Leaders 360 Platform is more than just a feedback tool—it's a catalyst for developing leadership across your organization. By providing clear, actionable insights, our platform enables your leaders to enhance their effectiveness, drive team success, and contribute to overall organizational growth. Whether it's guiding new leaders like Jessica or strengthening your seasoned executives, the 4R Leaders 360 Platform helps unlock leadership potential at every level.

## UPCOMING FREE WEBINAR

### From Insight to Impact: Coaching for Effective Action Plans

FRIDAY, Oct 4th, 2024 – 12:00PM – 1:00PM EDT

Join Dr. Suzanne Miklos, President of O.E. Strategies, Inc., and Lori Neiswander, a seasoned coach with 25+ years of experience, in a free 60-minute webinar hosted by Dr. Mike Sliter. Learn key strategies for successful action plans and the role of 360 feedback in development from experts who combine data-driven insights with practical approaches.

## GET TO KNOW OUR NEW TEAM MEMBER! Meet Tim Jesurun, Ph.D.



Tim Jesurun, Ph. D. started his career as a professor teaching courses on creativity and statistics, before working for the Cuyahoga County government designing and delivering hiring assessments for entry-level and supervisory jobs.

*What drew you to the field of leadership consulting?*

My interest began with studying leaderless groups and evolved through experience in personnel assessment, ultimately leading me to leadership consulting.

*What part of our work at OE Strategies do you find most rewarding?*

I enjoy talking with hiring managers about their candidates, hearing how my insights resonate, and consulting with them about how someone might function in a specific role.

*Do you have any hobbies or interests outside of work?*

My two main hobbies are designing board games, and Revolutionary War reenacting, where I portray an elite soldier of the Continental army.

**CONTACT OE STRATEGIES** today, and invest in your organization's leadership journey today with the 4R Leaders 360 Platform. Don't wait until tensions arise—gain the insights your team needs now to build a stronger, more cohesive organization for the future.

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