

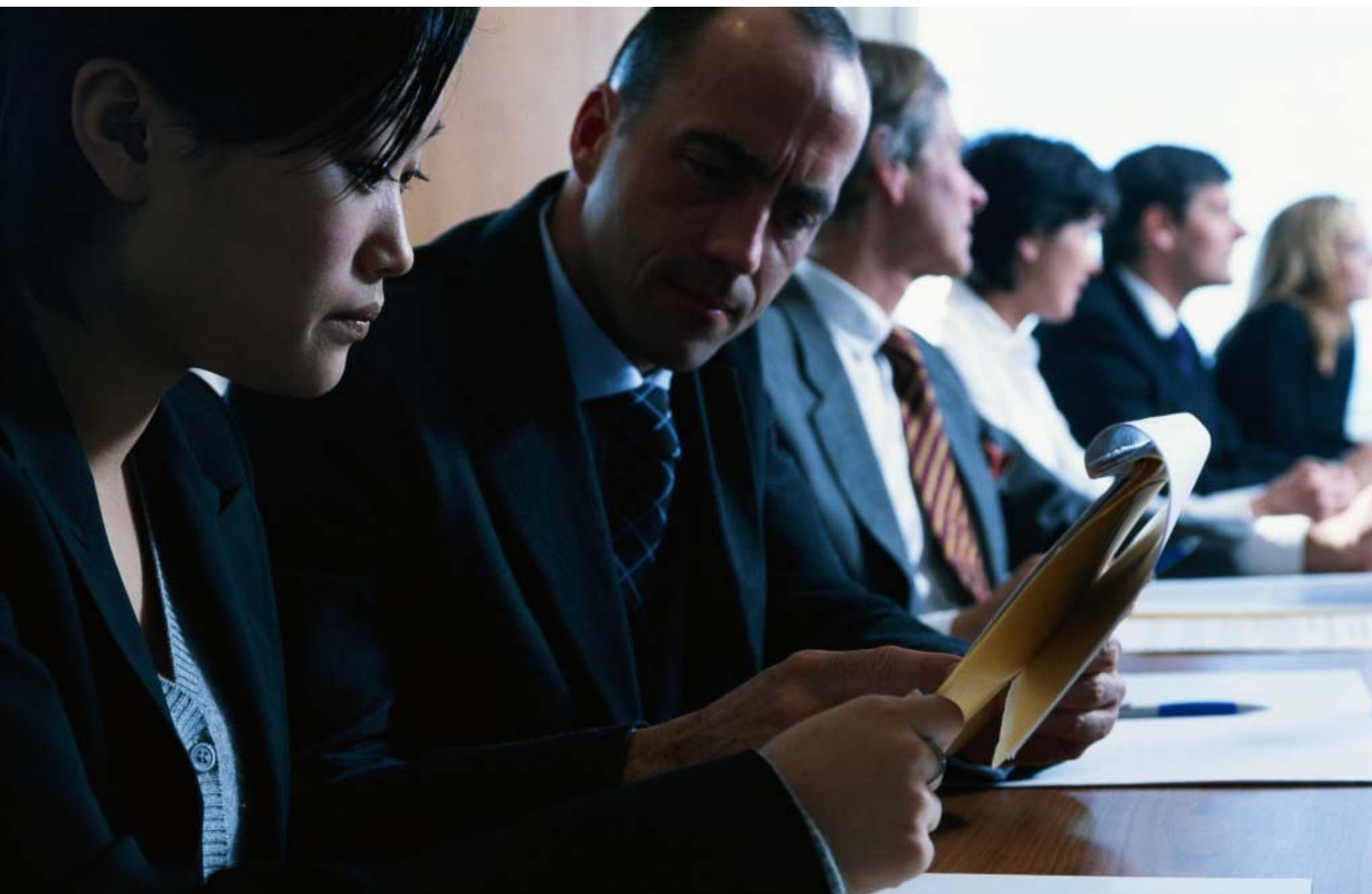
HEIDRICK & STRUGGLES

After Success:

Replacing a Long-Serving Head of School

Ten Myths that Stand in the Way

By George E. Conway and Stephen A. Miles



After Success: Replacing a Long-Serving Head of School

Ten Myths that Fuel Failure

By George E. Conway and Stephen A. Miles

1. Business has succession planning right; we ought to follow their model.

After the passage of the Sarbanes-Oxley Act, no business would be caught dead without a succession plan on its books. However, at the 1,000 largest American companies (by revenue) in 2008, only 55% of the new CEOs were promoted from within. With an implied 45% failure rate for business succession plans and an average tenure of 18 months for external CEO appointments, businesses may not be the best model for independent schools to follow.

Currently, only about 9% of independent schools appoint internal candidates to succeed the Head of School and there is some evidence that the majority of new Head appointments are forced out within the first five years. Given a year for the new Head to adjust to the school then a lame duck year while the Board is searching for the next Head, most schools are getting about three productive years from their Head appointments. Managing the business continuity risks associated with disruptive transitions and conducting a search for a new Head can be a problematic combination for even the strongest boards and schools.

At an average cost of 150% of salary to replace an employee from the outside, and with the median cash salary of an NAIS Head of School now reaching \$182,900 (many schools report Head salaries well into the \$300's), there is some cause for a Board of Trustees to take a careful look at succession planning and move it from a discrete event to an on-going process that is part of the fabric of what they do year in and year out.

Successful transitions of school leadership need time and active Board involvement. Ensuring continuity of leadership is one of the primary responsibilities of a Board of Trustees. There are substantial risks embedded in the process. A Board that initiates a succession planning process in a timely fashion and manages the inherent risks can ensure a transition that does not squander the momentum the long-serving, successful Head of School has built.

2. It would be an insult to the Head to start discussing succession before he resigns.

Good governance in the 21st century will not await the Head's departure announcement to begin succession planning. At Heidrick & Struggles, we advise that, where possible, a school take a minimum of two years to properly transition from a long-serving head of school to a new one.

Ideally, the first year should be spent in the assessment of the internal talent and relative strength of the administration. The first step is to collaboratively develop a forward-looking skills and experiences profile for the next head of school. This engages the Board of Trustees as well as the incumbent to ensure that they are able to capture all of the critical elements looking forward toward future needs. The second step of the process is the cultivation and assessment of internal candidates and the market identification of potential talent available in the broader school world. With this important step completed, it is possible in the second year to productively engage the community in a search and selection process.

Good governance requires that a Board be actively involved in building the internal “bench strength” of possible candidates. A properly prepared internal candidate who emerges from the search process as the successful candidate reduces the transition risk that is run when an outside person who does not know the culture of the school is brought into the senior leadership role. Culture mismatch is a frequent cause of new Head failure. The right internal candidate reduces this risk. Cultivating internal candidates does not preempt a global search, but it creates a standard against which external candidates can be measured and assessed.

3. Our Head would see succession planning as a threat.

Boards are largely unaware that senior Heads are extremely proud of the number of their administrators who have moved on to Headships of their own. Just as in business, if the Board directs the Head to make the development of potential successors a priority, it will engage the Head in a positive way in this important process. By doing so, a Board is actually complementing the Head by encouraging his/her mentoring of the next generation of school leaders.

A sensitive Board understands that for any leader talk of succession is accompanied by a certain degree of anxiety and predisposition toward inactivity. The impetus for thoughtful succession planning must come from the Board. Regularly discussing succession, particularly when a long-serving Head of School is within 2 to 3 years of retiring, is a necessary part of helping everyone understand that succession planning is an essential element of good governance, not a negative commentary on the present leadership.

By engaging the incumbent in the succession process the Board captures his or her input, which can be substantial, when developing the skills and experience criteria for the next Head of School. Conversely, if the Head is isolated from the succession planning process, the Board increases the risk of the Head becoming, de facto, a lame duck. When leaders are not involved in planning for the future of the institution they lead, it is hard for them to remain fully engaged in the present.

4. We must have a national search.

The ideal search looks globally, not just nationally; that means cultivating talent internally, knowing who is available in the school world before the search is publicly launched, and searching in parallel industries for unique sources of talent. A search firm that aggressively enters the marketplace and looks for a leader who matches identified competencies can ensure a complete survey of talent available to the school. This takes search muscle and a global team.

HEIDRICK & STRUGGLES

At Heidrick & Struggles, a global search starts with a thorough analysis of the competencies necessary in the next leader, followed by a search using competency-based interviewing. Competencies are indicators of potential for success in the new position. Competency-based interviewing looks at both behavioral skills and technical knowledge. It assesses the learning agility of applicants in terms of what the candidate knows and has done. This approach to interviewing candidates has been shown to increase the likelihood of hiring the right person through a consistent and fair process. Combining this assessment with the art of culture fit can produce powerful results for the school.

5. Let's do the search the same way we did last time; it seemed to work out fine.

Things have changed. Leading a school is a highly political, energy sapping job that demands a clear educational philosophy and seasoned administrative skills. Schools in the future will not only need leaders with a passion for and a deep commitment to independent education, but also people with a financial and business acumen to navigate the uncharted waters of our new economic reality. Hiring a search firm that has the capabilities of looking beyond the usual candidate pool is imperative in the highly competitive race for leadership.

With offices world-wide and an active data base of 1.5mm candidates, Heidrick & Struggles offers the search capability necessary to find leaders who not only want to have a positive effect on the lives of young people and families, but also who can balance the budget and develop new revenue streams.

6. We are far too complex an organization; we want only experienced Heads of School as candidates.

Success at one school does not guarantee success at another. However, evidence indicates that once a Head, always a Head. This is because search committees overly value Head of School experience. They therefore sometimes pick failed Heads of other schools instead of less experienced candidates because they think choosing someone who has been a Head is a safer route – often to the peril of the school.

At Heidrick & Struggles, we believe that if a Board does the hard work of identifying the knowledge, experience, personality traits and abilities desired in the next Head of School, then a search, using competency-based interviewing, will yield the richest assembly of candidates. By working from competencies and having an active presence in multiple industries, a skilled search team can find candidates who match the long-term priorities of the Board. Priorities change; however, the essential qualities of great leaders do not.

7. Write the job description in general terms so we can attract all qualified candidates.

It is an understandable but ultimately distracting impulse on the part of school search committees to want as many candidates as possible to apply. Other than the ephemeral bragging rights, the total number of people who self-identified as a candidate for Head of School is immaterial.

A concomitant complication of inviting an avalanche of applications is search fatigue. Search fatigue is a reality many search committee members encounter as they labor through piles of self-

aggrandizing resumes. Knowing how to organize and properly use the time of the search committee requires skilled consultants. Luring and presenting only the strongest candidates requires a professional search firm with tentacles that can reach into multiple layers of the school world as well as into comparable industries.

Modern Boards are moving beyond simple job descriptions to skills and experiences profiles that capture a set of attributes that are valuable when combined with leadership competencies and culture fit.

8. We don't have any viable internal candidates.

Because Boards are not to be involved in the day to day administration of the school, they usually get to know administrators only through their reports to the Board or perhaps as a parent of a student. As a result, few Boards know the potential for leadership of the Head's senior administrators.

Unless properly managed, the detritus from a search can be damaging to the morale and health of an institution. One cause can be internal candidates who do not qualify for the job, but who have so much institutional currency that their candidacy cannot be denied. One of the benefits of starting transition planning well before the search is underway is that it gives the skilled consultant the opportunity of counseling-out candidates who are not qualified. This courtesy can often save a valuable employee by not risking the personal embarrassment a failed internal candidacy can bring. Further, helping to direct an internal candidate to the right next professional step not only avoids the complexities of an unqualified candidate, but also speaks well of the Board to other employees. Managing these risks in a proactive and sensitive manner can be a very powerful message both internally and externally.

Conversely, viable internal candidates can also be cultivated during the pre-search phase. With guidance from a knowledgeable consultant, rising stars can better position themselves through additional experiences, such as involvement in fundraising, to impress a search committee. In both cases, the school gains the advantage and manages risk.

9. Searching for a new Head of School is a single person event.

The effectiveness of the administrative team of the School is a crucial determining factor in the success or failure of a new Head. The larger the school, the more important the senior team is. That is why a search should begin with an assessment of the senior team and result in improvements to it, where necessary, well before the search is launched.

Expertise in the analysis of organizational structures and experience in personnel assessment are crucial ingredients in the administrative review. One of the many services Heidrick & Struggles brings to searches is experience in understanding effective organizational leadership in educational and social enterprise institutions.

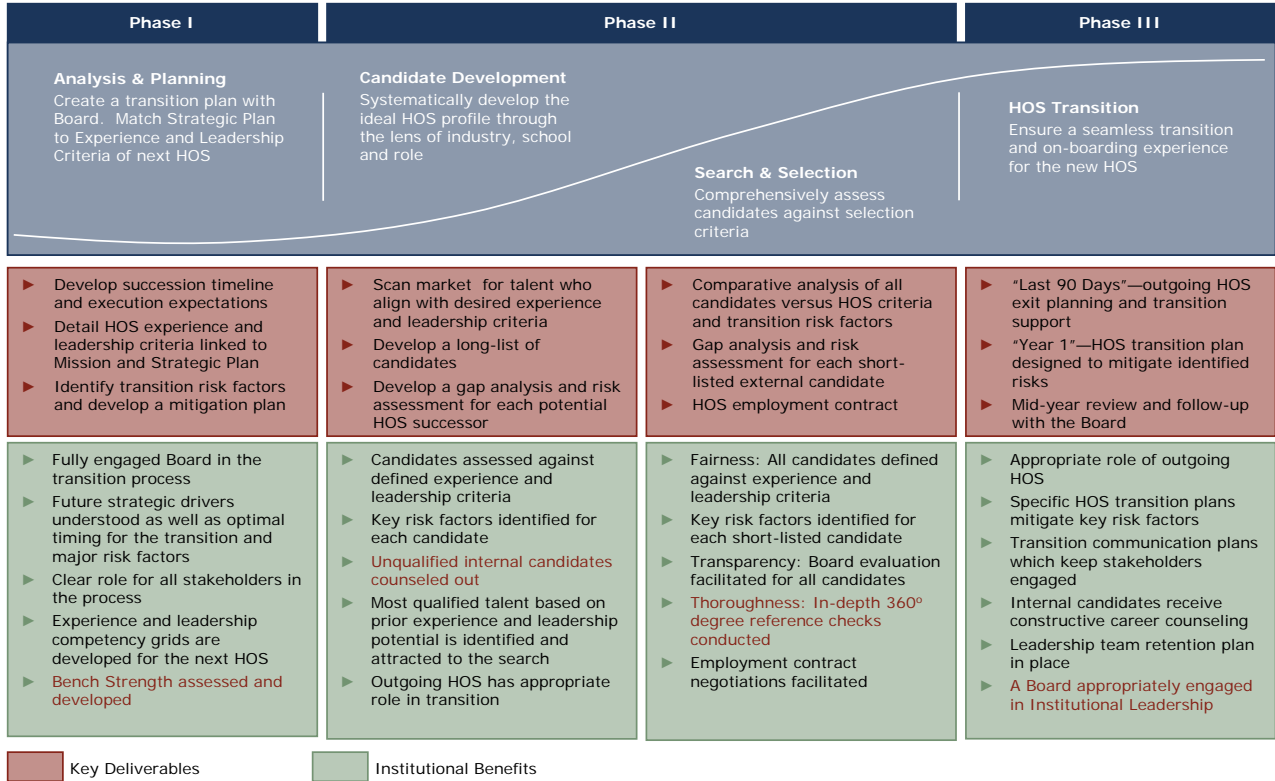
10. Now that we've got the new Head, the Board can take a breather.

HEIDRICK & STRUGGLES

A significant part of the two-year Heidrick & Struggles' Head of School succession plan (see attached) is on-boarding. This crucial step in the process ensures that the new Head gets the support he or she needs from the time of appointment through the first six months of leadership. A complete on-boarding plan can also include a defined role for and the positive management of the outgoing Head, ensuring a smooth transition of development prospects and continuity of valued traditions.

Finally, Boards should not underestimate the benefits of on-going executive coaching. Remember, if Lance Armstrong continues to keep a coach, a new Head of School could use one too. On-boarding plans and executive coaching are all part of the Leadership Consulting Practice that Heidrick & Struggles offers to all its clients.

Head of School (HOS) Succession Planning Overview: Two Year Process



HEIDRICK & STRUGGLES



303 Peachtree Street NE
Suite 4300
Atlanta, GA 30308
United States

tel: +1 (404) 538 0119
fax: +1 (404) 577 4048

smiles@heidrick.com

Stephen Miles is a Vice Chairman of Heidrick & Struggles. He runs Leadership Advisory Services within the Consulting Practice and oversees the firm's worldwide executive assessment/succession planning activities. He is also a key member of Heidrick & Struggles' CEO and Board Practice. With more than 15 years of experience in assessment, top-level succession planning, organizational effectiveness and strategy consulting, Stephen specializes in CEO succession and has partnered with numerous Boards of global Fortune 500 companies to ensure that a successful leadership selection and transition occurs. He also has led many Chairman successions and Board effectiveness reviews, partnering with Board of Directors to help them with their overall effectiveness, committee effectiveness and individual director effectiveness. Additionally, he is a recognized expert on the role of the Chief Operating Officer, and has consulted to numerous companies on the establishment and the effectiveness of the position and supporting the transition from COO to effective CEO.

Stephen is a coach to approximately 10 CEO/COOs around the world. He has built the Practice's coaching expertise by focusing on high-performance leadership competencies with a heavy emphasis on the business and cultural context. Stephen works extensively internationally and his clients cut across all industry sectors.

Prior to joining Heidrick & Struggles, Stephen held various positions at Andersen Consulting.

Stephen is author and co-editor of the best-selling business book "Leaders Talk Leadership". He also co-authored "Riding Shotgun: The Role of the Chief Operating Officer", as well as the cover article in the May 2006 issue of Harvard Business Review* on the same topic. Stephen also co-authored the feature article in the April 2007 issue of Harvard Business Review titled: "The Leadership Team—Complementary Strengths or Conflicting Agendas? Great top teams work to their members' disparate strengths—but those differences can cause discord, too, especially during succession."

His third book, "The Career Game: Applying Lessons from Game Theory to the Management of Your Career", is due out later this year (Stanford University Press) and he has just completed a chapter on "Assessing the Leader" for Linkage Inc.'s Best Practices in Leadership Development Handbook 2nd edition; Wiley 2009. Stephen has also been featured in Forbes, BusinessWeek, Strategy + Business, WSJ/MIT, Consulting Magazine, MIT Sloan, Ivey Business Journal, and CEO Magazine. He is a frequent speaker on the topics of CEO succession, coaching C-level executives, talent management and complementary leadership at the top (high performance teams).

Stephen is a member of the Heidrick & Struggles' Management Committee. He is an independent Director for Overlay.TV and DNA13. He holds a Bachelor's degree in Psychology and a Master's of Business Administration (summa cum laude), both from Queen's University in Kingston, Canada.

He also holds a Master's Degree in Psychology (summa cum laude) from the University of Victoria. Stephen resides in Atlanta, Georgia. He has lived in Kenya, South Africa, Iraq, Argentina and Canada.

* *Second in Command: The Misunderstood Role of the COO* was a McKinsey Award finalist for the best article in Harvard Business Review in 2006

HEIDRICK & STRUGGLES



2001 Pennsylvania Avenue
NW
Suite 925
Washington, DC 20006
United States

Direct: 202.331.4910
Fax: 202.331.4937

gconway@heidrick.com

Dr. George E. Conway is a Principal at Heidrick and Struggles in the Education and Social Enterprise Practice. George's experience includes institutional leadership combined with experience conducting executive searches, leadership assessments, executive coaching, institutional planning and effective board governance for mission-driven organizations.

Prior to joining Heidrick and Struggles, George was director of search services and senior consultant at a small search and consulting firm which specialized in independent education. He entered the search and leadership advisory role after 24 years as Headmaster of St. Anne's-Belfield School, a large PS-12 grade independent day and boarding school in Charlottesville, VA. Also a Presbyterian minister, George began teaching at Princeton Day School before moving to The Hotchkiss School as Chaplain. George continued his work at Woodberry Forest School (VA) where he also served as Director of Admission.

George has served in leadership roles on non-profit boards and is a member of the Virginia Bar Association's Committee on Issues of State and National Importance. He has worked with public schools on teacher licensure and education school accreditation and has served on the Virginia Champion Schools Commission and President of the Virginia Association of Independent Schools. In 1989, he briefed President George H. W. Bush prior to the first Education Summit. George has published articles in professional journals and is the author of *Giving Good Gifts: The Spiritual Journey of Parenthood*.

George holds a Bachelor of Arts degree from Wilkes University, a Master of Divinity from Princeton Theological Seminary and a Doctor of Ministry degree from Boston University.