

# CEO Succession

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# Benefits of Best Practice Succession Planning

Ensuring a smooth succession is one of the most critical responsibilities for the Board of Directors and Chief Executive Officer. Best practice succession planning gives the Board, management team, employees, and shareholders confidence in the long-term future of the company and reduces succession risk.

## Board

Owns the process. Confidence in a successful CEO appointment and transition. Demystification of the succession process and allaying of apprehension. Development of a robust leadership pipeline, the number one sign of good governance. Best practice is for the Board to look inside and outside the organization using a proven process and methodology for evaluating leadership talent

## Outgoing CEO

Input into the process. Their number one job is to have developed at least one potential successor inside the organization. They provide input into the current and future state of the business model and strategies. They also provide input to the team conducting the internal assessments in terms of their objective and dispassionate view of the internal candidates.

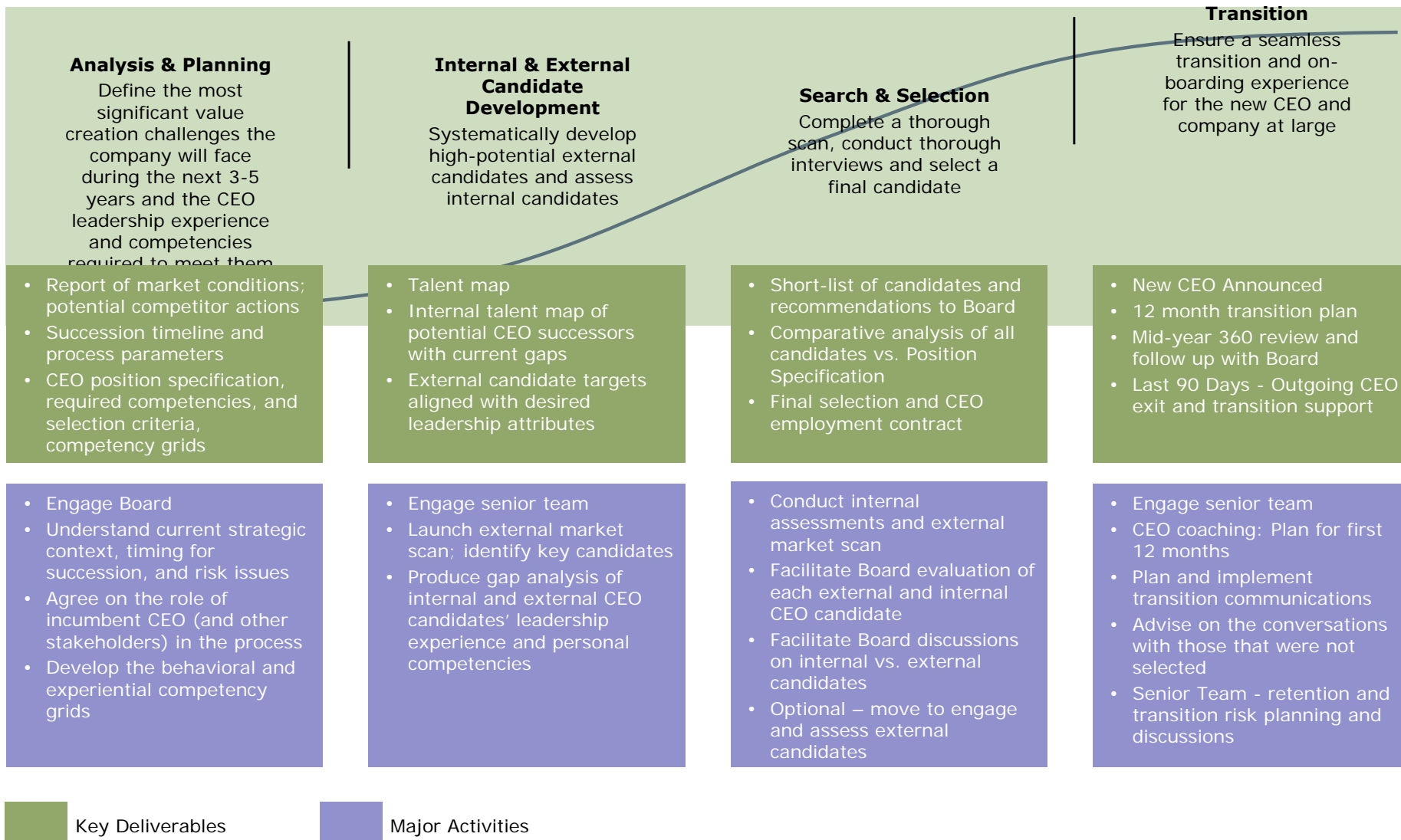
## Senior Management Team

A clear understanding of the internal process and the required CEO skills and competencies. A high-level developmental roadmap and detailed personal coaching plan (internal candidates) which can be refreshed every 6 months depending on the transition time frame.

## Shareholders

Assurance that the Board is rigorously managing the succession process and performing active oversight of leadership development. Shareholders gain confidence that the best leadership is being identified, recruited, developed, and retained based upon the ability to drive business performance and enhance long-term shareholder value.

# CEO Succession Planning Process Template



## Key Experiential Criteria

H&S  
Evaluation  
"Score"

**Multi Business  
Line Energy-  
Sector  
Relevance**

**Global  
Expansion /  
Cultural agility**

**Global Brand  
Development**

**Leadership  
Scale**

**Strategic  
Growth**

**People  
Management**

**Operational  
Excellence**

0

Little energy-related experience during career.

Experience largely restricted to a single geography whilst working for a domestic firm.

Little experience in brand development.

No significant international leadership experience.

Little experience growing a company.

No significant experience recruiting, developing or retaining top talent.

Little experience in operations.

1

Has worked in energy-related industries throughout career.

Lived and worked in more than one country with further experience in other countries. Recognizes the value of different cultures.

Has worked in brand development.

International M.D. with Public Company Board experience, but no significant P&L responsibility.

Has a track record of success in senior leadership roles, but has so far "ridden" the wave of economic growth.

Has some experience recruiting, developing or retaining top talent.

Some experience in operations.

2

Extensive experience throughout career in *one* of the three business segments (oil & gas, coal and nuclear).

Extensive experience working many different cultures, including some work on each continent. Adaptable to different cultures.

Has experience in global brand management.

CEO of major Division of very large international Public Company.

Has managed consistent growth under an economic down-turn.

Has experience recruiting, developing and retaining top talent.

Experience in operations including developing repeatable processes, scalable platforms and applying industry best practices.

3

Extensive experience throughout career in *two* of the three business segments (oil & gas, coal and nuclear).

Experience expanding a business into the Middle East, Asia *or* Latin America. Has solid intercultural competence.

Extensive experience in global brand development.

CEO of international Public Company with multiple divisions.

Has personally led significant growth under difficult economic conditions.

Has extensive experience recruiting, developing and retaining top talent.

Extensive experience in operations including developing repeatable processes, scalable platforms and industry best practices.

4

Extensive experience throughout career in *all* three business segments: oil & gas, coal and nuclear. Genuine passion for all three.

Extensive experience expanding a business globally (the Middle East, Asia *and* Latin America). Effectively motivates people from different cultures.

Extensive experience turning multiple businesses into a single global brand.

CEO of significant multi-national company with multiple large divisions.

Grown a \$5 billion company into a \$20 billion global enterprise.

Superb reputation for attracting, developing and retaining top talent. Has significantly improved the quality of a top management team.

Superb reputation for improving quality, increasing throughput and reducing waste through operational excellence.

## Key Leadership and Behavioral Criteria

H&S  
Evaluation  
"Score"

0

**Cultural Change Agent and Team Builder**

Numbers driven leader. Has achieved solely through driving hard performance. Not a team builder.

**Visionary Strategist**

Has little vision or ability to manage an organization strategically; not open to new possibilities.

**Stamina and Persistence**

Expects trappings of senior leadership regardless of work level. Travels when absolutely necessary.

**Able to Drive Performance in a Complex Organization**

Tends to emphasize over EQ and overly focused on detailed performance mgt, poor delegation.

**High Integrity**

Suspect working practices; some questions regarding openness and past track record.

**Outstanding Diplomacy**

Typically does not build bonds with others; avoid conflict; displays limited range of influence techniques.

1

Strong evidence of small project team leadership; no long-term operational roles. More thinker than leader.

Has ability to think strategically and inspire compliance within a small organization.

Works hard. Enjoys travel. Quickly recovers from minor setbacks.

Has built high-performing team(s) allied to a strong system of performance management.

Can concentrate on P&L at expense of good working practices; slight dilettante attitude.

Builds bonds with team members in immediate area of organization. Attempts to address conflicts.

2

Has driven significant change through a function or process and built cultural cohesion across a complex business.

Has ability to define a clear vision and strategy and inspire compliance within a large organization.

Undisputed work-ethic. Open to international travel. Is not discouraged by minor setbacks.

Respected team leader in multiple settings and built an infectious sense of urgency & performance disciplines.

No evidence to suggest anything other than satisfactory integrity; at least medium-term ambitions.

Builds relationships with those outside immediate area. Has developed a wide range of influence skills.

3

Has led inspirational change through a major division and built strong direct reporting teams.

Has ability to define a clear vision and strategy and inspire heartfelt commitment across a complex organization.

Works very hard. Enjoys international travel. Shows optimism when facing major setbacks.

Masterminded new ways for engaging people across the organization and designed delegation structures to drive delivery.

Personally impeccable record working for reputed firms; clear long-term intentions.

Proven ability to champion unity between competing businesses, through astute use of diplomacy and other subtle tactics.

4

Has established inspirational working cultures, teams and leadership across a multi-divisional organization.

Has extraordinary ability to drive operational excellence around clear and compelling strategic vision of the future.

Works exceptionally hard. Enjoys significant travel. Views adversity as intellectual challenge and increases effectiveness in response.

Has built a positive, vibrant culture that appropriately balances accountability, responsibility and authority & delivers results.

Proven champion of highest workplace integrity committed to building a lasting, profitable business.

Uses complex strategies to build alignment; is viewed by all as key motivator within organization.

# Internal Assessment

# Chief Operating Officer

## External Benchmarking (current position)

|               |              |               |                        |
|---------------|--------------|---------------|------------------------|
| Not qualified | On long list | On short list | Near top of short list |
|---------------|--------------|---------------|------------------------|

- If we were conducting the executive search for the Chief Operating Officer of a \$3.5 billion holding company, we would place Daryl Mezzaluna on the short list of candidates for the position.

## External Benchmarking (CEO position)

|               |              |               |                        |
|---------------|--------------|---------------|------------------------|
| Not qualified | On long list | On short list | Near top of short list |
|---------------|--------------|---------------|------------------------|

- In the search for the CEO of ABC we would place Mezzaluna on the long list.

## Succession Planning

Daryl Mezzaluna is an experienced, process-oriented operating executive. He has led the turnaround of ABC USA, attacking the cost structure and driving business excellence and controls while also balancing the need to lead in the market as the strategy has evolved toward top line growth. Most recently, as global COO of ABC, Mezzaluna has been charged with seeding this success across borders. However, he has largely been content to let others manage Asia-Pacific, potentially a significant growth opportunity for ABC, and results have lagged in Europe. As Europe is in many ways the key driver and the key risk factor of the business going forward, Mezzaluna needs to focus his attention here. Moreover, at times he has been challenged to bring the corporate center and Board along with him on proposed initiatives. This has called into question how well he can balance the demands of his business with those of the overall company and its stakeholders. He appears to eschew the corporate center and prefers to operate autonomously.

Mezzaluna has proven that he can run a single line of business in a country at a world-class level. However, to be considered a top candidate for CEO of ABC, he needs to show that he can function not only as an operator, but as a portfolio manager taking a longer financial view on decisions. He needs to transition to leading in the context of a truly global enterprise, leading through influence versus command-and-control and taking a stronger role with customers, analysts, and shareholders. He must also step up and engage the corporate center, investing in building relationships with key stakeholders on the management team and Board and showing the patience and energy to embrace the center fully. As CEO, his role would largely be defined through corporate center activities and to date, he has been unwilling to engage. Additionally, he must embrace his recent appointment to the Board and be willing to engage and demonstrate his capability as an executive. He appears to not have the passion, energy and sheer motivation typical of high potential CEO candidates.

## Strengths

- Operating execution—focused on results, sets clear expectations and accountability, stays on top of the metrics, removes obstacles, etc.
- Turnaround leadership—transformed ABC USA into positive EVA operation
- Deep knowledge of the ABC USA operations and business levers
- Best practices perspective—delivers advantage through benchmarking and shared process (Six Sigma, Lean, performance measurement, etc.)
- Strong focus on business excellence (e.g. Six Sigma) and rigorous controls
- Superior intellectual ability rooted in PhD-level technical background
- Balance of tactical and strategic; focuses team on the 2-3 key issues
- Tough, direct leadership style (though also seen as fair)
- Hands-off where the USA business is working and hands-on where it is not
- Committed to talent management and taking risks on people; builds loyalty and stability on the team
- Confident, driven and ambitious

## Development Recommendations

### Senior business leadership - Building buy-in

- Ensure to take a partnership approach with the corporate center and Board versus a maverick or oppositional stance
- Make sure that proposals are 100% vetted and polished before escalating to the Board for discussion
- Adaptive leadership: assess when a collaborative approach is necessary or appropriate versus a command-and-control, “my way or the highway” style
- Focus on staying positive when superiors push back on strategies or initiatives; avoid becoming defensive or petulant
- Complement strong drive for metrics and data with greater appreciation for the empathic element of interactions; strive to engage hearts as well as minds (with both customers and employees)

### Enterprise level leadership

- Portfolio management: move from managing the key operational drivers to investing/allocating capital and anticipating the financial outcomes and consequences
- Transition from country-specific operational leadership to leading in the context of a global organization with multiple business lines. Demonstrate impact and business transformation outside the USA
- Horizontal leadership: continue to work with/influence the ABC Europe team to share best practices and drive needed operational results. Demonstrate impact in the European business
- Focus on driving corporate-level strategy versus just ABC. Ra thinking to the level of the enterprise and the shareholders—corporate finance, treasury, governance, etc.
- Continue to mentor and support Kris Smith through his transition into the ABC USA role, while letting go of the day-to-day detail

### Market leadership

- Continue to balance focus on operational excellence with driving top line growth in the entire ABC global business
- Continue to engage with key ABC customers, particularly the major accounts, focusing on relationship building versus pure tactical interactions especially around the globe
- Increase visibility with and exposure to key external constituencies—analysts, bankers/capital markets, shareholders, press, industry peers, etc.

# Chief Financial Officer

## External Benchmarking (current position)

|               |              |               |                        |
|---------------|--------------|---------------|------------------------|
| Not qualified | On long list | On short list | Near top of short list |
|---------------|--------------|---------------|------------------------|

- If we were conducting the executive search for the Chief Financial Officer for a \$3.5 billion holding company, we would place Matt Isaacson at the top of the short list of candidates for the position.

## External Benchmarking (CEO position)

|               |              |               |                        |
|---------------|--------------|---------------|------------------------|
| Not qualified | On long list | On short list | Near top of short list |
|---------------|--------------|---------------|------------------------|

- In the search for the CEO of ABC we would place Isaacson on the long list.

## Succession Planning

Matt Isaacson is a top quartile CFO who has instilled a level of financial process and control, quality, and visibility/predictability that simply did not exist prior to his tenure with ABC. He has also made significant personal contributions to the success of the Group through the recent period of divestment and restructuring. The quality and quantity of his personal throughput, as well as that of his very lean corporate team, has been exceptional.

In terms of succession, Isaacson is very well suited to the “private equity” model of financial engineering and pushing hard on the numbers from the center without digging too deeply into the operations. However, as the role of the center at ABC continues to evolve from portfolio management to hands-on operating leadership to drive growth and profitability through ABC’s business units, Isaacson will need to show that he can draw on his prior operational finance, general management, and commercial experience. Today, Isaacson would be a “safe pair of hands” for the business, but to be considered a truly viable candidate for CEO, he will need to show that he can drive top line growth, create a vision for the Company and motivate people behind it, and work on his relationship building and organizational agility. He will also need to show that he can scale his leadership style, pulling out of the day-to-day details and leading at a higher level while delegating more effectively to his team. Finally, he needs to demonstrate a level of passion and leadership that signals to the organization that he truly wants the CEO role.

## Strengths

- Top quartile technical competencies in corporate finance—treasury, tax, capital allocation and management, acquisitions/divestitures, financial restructuring, risk management, value measurement (EVA), etc.
- Deeply meticulous, disciplined, and detail oriented—keeps personally across the full range of operating and financial metrics
- Experienced board director; strong on corporate governance
- Credible and effective with analysts, bankers, and shareholders
- Intellect and business acumen; international perspective
- Polished and effective communicator
- Open and transparent; impeccable ethics and values
- Highly productive execution partnership with CEO and General Counsel
- Focused on delivering results without second agenda
- Emotionally stable and balanced
- Outstanding fundamental toolkit around execution—can be relied upon to get things done
- Tremendous energy, drive and work ethic which cascades to the team

## Development Recommendations

### Agility and relationship building

- Continue to transition the corporate finance function from policing and scorekeeping to truly partnering and adding value to the businesses
- Organizational agility: understand the relationship landscape and its effects on building buy-in and decision-making and manage through this
- Become more comfortable with ambiguity. Learn to trust his gut more and make decisions at the big-picture level versus seeking more data or drilling down to the nth decimal place
- Focus on deepening his one-on-one relationships in the business, particularly with BU leadership and the ABC Board

### Operational leadership

- Passion – demonstrate a true desire to be considered for the CEO role. Dig into the businesses and take a leadership role driving change and operational excellence
- Managerial courage – strive to gain more direct involvement with ABC business units—get out into the field, see the businesses, meet the customers, etc.
- Continue to develop his commercial acumen. Ramp up focus on top line growth—increase exposure to product development, ABC and Recall customer base, etc.
- Demonstrate (particularly to directors) that he can crisply develop and present an enterprise-level vision and strategy for where the business needs to go

### Leadership scale

- Elevate his personal focus by letting go of the day-to-day details. Continue to test and verify while also trusting and empowering his people without micro-management, duplication of efforts, or churn
- Strive to push accountability lower in the finance organization. Allow his people to grow and develop while reserving his own bandwidth for enterprise and portfolio level issues
- Balance drive for results with focus on motivational and retention factors—building a shared team esprit de corps, interpersonal versus tactical interactions, work/life balance, celebrating successes, etc.
- Adopt a more structured approach to communicating with his team
- Continue to build the depth of talent in the corporate finance function—rotate people to keep them fresh, identify/recruit and groom at least one potential successor, etc.
- Model a more sustainable work/life balance for himself and his team

# External Market Scan

# External Market Scan

**Name/Qualifications and Current Role**

**A, Prospect**  
 Former Position, Division  
**Company**  
 City, Country

**2005 Revenues:** \$xxx billion

**Market Cap:** \$xxx billion

**Education (to be verified)**  
 University  
 Degree, Major, Year

University  
 Degree, Major, Year

- Comments**
- Currently working as an advisor to the energy team at investment firm ABC; has advised us that he now seeks a major global CEO position.
  - Was appointed CEO of Company's \$21 billion Division business in 2003 and successfully extracted the company from the integrated downstream business of Company to create the stand-alone entity Company; was looking to achieve an IPO and to remain as CEO of the new company, however, concluded instead a trade sale to Company for \$4 billion in early 2004 and left Company.
  - From 2000 to 2003, was Executive Vice President & Chief Executive, Power & Renewables; served as Group Vice President, Company Division & Division from 1998 to 2000.
  - Prior, was Group Vice President, Marketing from 1996 to 1998.
  - Joined Company in 1982 and progressed through various roles, including Chief Executive Officer, \_\_\_ Company; Group Controller & Head of Strategy; Vice President, Gulf of Mexico; Head of M&A, Company; and Commercial Manager, Company plc.
  - Spent his earlier career, from 1977 to 1982, with Company in various positions.

**Leadership Scale:** As CEO of Company F was required over the course of two years to create an integrated entity, extracted from the complex petrochemicals and refining business of Company. Was responsible for assembling an entire management team to prepare the company for an IPO.

**Sectoral Relevance:** Has spent his entire career in the \_\_\_\_\_ industry, initially with Company Z and until recently with Company R. His career has taken him through a number of key Company businesses, including Operations, Acquisitions, Strategy, Refining & Marketing, E&P, Gas, Power & Renewables.

**Multi-National:** Has significant experience across the globe including U.S., UK, China, Europe, Middle East, Latin America, Australia, Canada and South East Asia. Speaks Spanish.

**Financial Sophisticate:** Strong all around strategist and financial literate. Has dealt with complex portfolio management challenges and has led the dramatic valuation uplift of Company and subsequent realisation for Company.

**Success through the Cycle:** Has been successful in leadership roles at Company over the last 15 years. Has seen both sides of the commodity cycle and understands cost management as well as growth strategies.

| Key Experiential Criteria |   |  |   |  |   |
|---------------------------|---|--|---|--|---|
| FGS Evaluation "Score"    | Leadership Scale  | Sectoral Relevance   | Multi-National  | Financial Sophisticate   | Success Through the Cycle   |
| 0                         | No significant international leadership experience.   | Little asset-intensive experience during career.   | Experience largely restricted to a single geographic market working for a domestic firm.                        | Experience primarily operational with little exposure to financial management issues.                                      | Spotty career record with ups and downs and some questions as to breadth of ability.                            |
| 1                         | International M.D. with Public Company Board experience, but no significant P&L responsibility.   | Has worked in an asset-intensive industry throughout career, but no experience in oil & gas or mining. | Some foreign experience, possibly in international firm, but never as a resident abroad.                        | Strong record in asset and financial, but no experience of making complex investment decisions in a portfolio environment. | Has a track record of success in senior leadership roles, but has to do "address" the issue of economic growth. |
| 2                         | CEO of major Division of very large international Public Company. Turnover > \$10 billion.        | Has worked in a number of asset-intensive sectors, including mining and/or oil & gas.                  | Lived and worked in more than one country with further experience in other continents.                          | Evidence of ability to grasp complex financial issues and execute with managing multiple assets and business sets.         | Evidence of ability to lead through downturn and has overseen rationalization activity.                         |
| 3                         | CEO of international Public Company with multiple divisions. Turnover > \$5 billion.              | Has worked throughout career in either oil & gas or mining.  | Extensive experience working in many different cultures, including some work on each continent.                 | Considerable experience of portfolio management and understands the link between trade-off in capital allocation.          | Has led large company through a non-rev and no-recovery in difficult market situations.                         |
| 4                         | CEO of significant multi-national company with multiple large divisions. Turnover > \$25 billion. | Extensive experience throughout career in mining and oil & gas.  | Multi-international and multi-cultural, lived and worked in many geographies and speaks more than one language. | Early and on-going mastery of complex portfolio of assets, risks, commitments and return profiles.                         | Proven capability and resource as a leader who can adapt strategy and organization to all economic conditions.  |

## Name/Qualifications and Current Role

**Prospect**  
 Former Position, Division  
 Company

## Comments

### Remuneration and Affordability

No information available, as Prospect was not a main Board executive of Company plc.

**Team Builder:** Track record of building strong teams throughout his career in many different instances. Colleagues and direct reports speak highly of his motivational leadership style and his ability to bring people together. Most recent example at Company where he created an entirely new management team to lead the birthing of the company out of Company and then to drive the company towards eventual sale.

**Strategic Strength:** Several examples of turning around businesses from a strategic as well as an operational standpoint. Ran M&A for Company during a previous cash squeeze in the early 90's.

**Commercial and Value Focused:** Doubled the value of the commodities business and drove significant growth through Air Company. Also dramatically improved safety record in both businesses. Generated significant SHV through the Company transaction.

**Performance Driver:** Strong entrepreneurial drive. Background as second generation American from immigrant family. "Living the American dream" focused on high performance and will to win.

**High Integrity:** Highest integrity and moral standing. Very highly regarded by his team at Company and from earlier direct reports across Company. Seen as "genuinely one of the good guys". Believes that leadership is all about building strong foundations of trust and doing what you say you are going to do.

**Communicator:** Many examples of "townhall sessions" with employees and involvement throughout an organization. Described as someone who "really cares about his people" and creates a very motivational environment.

| Key Leadership and Behavioral Criteria |  |  |   |  |  |  |
|--|--|--|---|--|--|--|
| HGS Evaluation "Score"                 | Team Builder and Change Agent  | Strategic and Conceptually Strong  | Strong Focus on Commercial Success and Value Creation   | Able to Drive Performance in a Complex Organization  | High Integrity   | Outstanding Communicator   |
| 0                                      | Numbers driven leader. Has achieved only through finding hard performance. Not a team builder.                     | Rides upon "tired and true" ideas and approaches. It generally omits about changing the way things are done.       | Tends to focus on process and operational details rather than taking a broad commercial and strategic view.                     | Tends to emphasize over EQ and overly focuses on detailed performance mgmt or delegation.  | Suspect working practices; some questions regarding openness and past track record.                  | Communication skills hinder job performance. Unable to speak or write effectively. Disorganized and lacks focus when speaking. |
| 1                                      | Strong evidence of small project team leadership; no long-term operational role. More thinker than leader.         | Will consider new ideas but wants to make certain that new approaches have worked well in comparable situations.   | Uses commercial drivers to support decision-making but has a tendency to "deep dive" into operational detail.                   | Has built high-performing team(s) allied to a strong system of performance management.   | Can concentrate on. Fails at expense of good working practices; slight aloof attitude.               | Attempts to organize thoughts on subjects, however tends to ramble to get off, subject when speaking for a period of time.     |
| 2                                      | Has driven significant change through a function or process and built cultural cohesion across a complex business. | Receptive toward new ideas and approaches, but wants a good business case before applying them in the company.     | Naturally uses a value imperative to direct decision-making. Pragmatic and commercially savvy.                                  | Respected team leader in multiple settings and built an infectious sense of urgency & performance disciplines.                     | No evidence to suggest anything other than satisfactory integrity, at least on short-term ambitions. | Conveys ideas and thoughts in a cohesive manner. Comfortable speaking aloud and organizes thought well.                        |
| 3                                      | Has led significant change through a major division and built strong direct reporting teams.                       | Spontaneous only generates new ideas. Comfortable with innovation even with a risk of failure.                     | Has a vision of business as a tool to create shareholder value. Absolute clarity around commercial drivers and decision-making. | Has terminated new ways for engaging people across the organization and designed delegation structures to drive delivery.          | Personally impeccable record working for reputable firms; clear long-term intentions.                | Speaks succinctly and concisely. Thinks before speaking. Displays evidence while speaking with others.                         |
| 4                                      | Has established significant working cultures, teams and leadership across a multi-divisional organization.         | Uncanny depth, breadth, and impact of intellect. Approaches problems or challenges by developing new perspectives. | Has built an organization-wide shareholder value ethos and commercially focused decision-making culture.                        | Has built a positive, vibrant culture that appropriately balances accountability, responsibility and authority & delivers results. | Proven champion of highest workplace integrity committed to building lasting profitable business.    | Persuasive communication skills, which increase job performance and engage others in all situations.                           |

# Risk Discussion

# External Candidate

| Key CEO Risk Factors                        |  |            |   |   |  |
|---|--|------------|---|---|--|
| Risk Factor                                 | Description  | Risk Level |   |   | Detail   |
|   |  | L          | M | H |  |
| Global Acumen                               | Multi-international and multi cultural, lived & worked in many geographies and speaks more than one language.  |            |   | H | Has had global responsibilities but has only lived in the US. Still needs to make the transition from country-specific operational leadership to leading in the context of a global organization with multiple business lines. Longstanding issues in Europe are |
| Financial Sophistication                    | Easily and expertly manages a complex portfolio of assets, risks, commitments and return profiles.   |            | M |   | Good operating-oriented financial skills honed through solid training at DuPont and AlliedSignal. However, he needs to move from managing the key operational drivers to investing/allocating capital and anticipating the financial outcomes and consequences   |
| Ability to Function at the Corporate Centre | Ability to provide operational, financial, and strategic leadership from the centre of a global, complex, publicly traded company with multiple lines of business.   |            |   | H | Has thrived being in relatively simple operating roles that have largely been away from the corporate centre. To date, he appears lack the desire to learn the sophisticated organizational skills necessary to becoming a world-class CEO. His preference has   |
| External Credibility                        | Regarded as "Top Drawer" by the financial and investment community and has demonstrated steely regard for governance and leadership in the past.   |            | M |   | Well regarded in the industry and with analysts within a relatively narrow segment of ABC operations. Needs to increase visibility with and exposure to key external constituencies—analysts, bankers/capital markets, shareholders, press, industry peers,      |
| Knowledge of ABC Businesses                 | Extensive experience throughout career with B2B Services, Supply Chain and the retail sectors.   | L          |   |   | In-depth industry experience gained from almost six years with ABC in increasingly senior sales and general management positions..   |
| Australia                                   | Knowledge of the Australian marketplace and investor community, and willingness to relocate to corporate headquarters.   |            | M |   | Unknown but likely low risk. He has said that he will relocate to Australia. However, still unsure that he will be comfortable and whether he will completely acculturate  |
| Talent Retention                            | Has established inspirational working cultures, teams and leadership across a multi divisional organisation and his/her succession to CEO will not pose a significant risk of departure of top talent in the organisation              |            |   | H | Built loyalty and stability on the team at ABC USA and had two successors for the President role, though the broader ABC talent bench is significantly weaker. There is risk of losing key talent should he become CEO.  |
| Executive Presence                          | Exceptional gravitas. Speaks succinctly and convincingly. Thinks before speaking. Displays confidence while speaking with others and listens well, which increases job performance and persuades and engages others in all situations. |            | M |   | Effective and articulate communicator though limited gravitas and has not operated at the next level in terms of scale, scope, or complexity.  |
| Board Relationships                         | Partners effectively with the Chairman and Board Directors to drive strategic direction and shareholder value.   |            | M |   | Needs to focus on staying positive and not becoming defensive when superiors push back on his strategies or initiatives and ensuring to take a partnership approach with the corporate centre and Board.   |

| Key CEO Risk Factors                        |  |            |   |   |  |
|---|--|------------|---|---|--|
| Risk Factor                                 | Description  | Risk Level |   |   | Detail   |
|   |  | L          | M | H |  |
| Global Acumen                               | Multi-international and multi cultural, lived & worked in many geographies and speaks more than one language.  | L          |   |   | Lived and worked in Europe with extensive international travel. Demonstrates a comfort with multi-cultural, global leadership  |
| Financial Sophistication                    | Easily and expertly manages a complex portfolio of assets, risks, commitments and return profiles.   | L          |   |   | Extensive corporate-level financial experience in terms of both financial engineering and operations. Top quartile technical competencies in corporate finance—treasury, tax, capital allocation and management, acquisitions/divestitures, financial restructu  |
| Ability to Function at the Corporate Centre | Ability to provide operational, financial, and strategic leadership from the centre of a global, complex, publicly traded company with multiple lines of business.   | L          |   |   | Has seen the breadth of the enterprise from the corporate CFO position . He is very well suited to the “private equity” model of financial engineering and pushing hard on the numbers from the centre though going forward he would need to dig more deeply i   |
| External Credibility                        | Regarded as “Top Drawer” by the financial and investment community and has demonstrated steely regard for governance and leadership in the past.   | L          |   |   | Highly respected by the financial community as a strong CFO of a major multinational company. Effective with analysts, bankers, auditors, and shareholders.  |
| Knowledge of ABC Businesses                 | Extensive experience throughout career with B2B Services, Supply Chain and the retail sectors.   |            | M |   | Two and a half years industry experience with ABC; some B2B and retail experience previously. However, direct general management experience is limited and he would need to be more directly involved with ABC business units to drive growth--get out into the field, on site at the operations, etc. |
| Australia                                   | Knowledge of the Australian marketplace and investor community, and willingness to relocate to corporate headquarters.   | L          |   |   | Currently located in and very well established in the Australian community.  |
| Talent Retention                            | Has established inspirational working cultures, teams and leadership across a multi divisional organisation and his/her succession to CEO will not pose a significant risk of departure of top talent in the organisation.             |            |   | H | Finance team is outstanding on execution though short on leadership. Low risk of losing key talent should he become CEO but he would need to scale his leadership style, pulling out of the day-to-day details and leading at a higher level while delegating  |
| Executive Presence                          | Exceptional gravitas. Speaks succinctly and convincingly. Thinks before speaking. Displays confidence while speaking with others and listens well, which increases job performance and persuades and engages others in all situations. |            | M |   | Effective and articulate communicator though limited gravitas and has not operated at the next level in terms of scale, scope, or complexity.  |
| Board Relationships                         | Partners effectively with the Chairman and Board Directors to drive strategic direction and shareholder value.   |            | M |   | Strong partnership with the Chairman but needs to build his organizational agility—understanding the relationship landscape and its effects on building buy-in and decision making, and managing through this.   |