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Leadership Through Mergers and Alliances

While not all CEOs are as famous as Jeff Bezos or Steve Jobs, the person chosen to lead any organization is crucial to its long-term success, no more so than when two organizations are joining together through a merger, acquisition or other strategic alliance.

Once two boards of directors and shareholders agree to pursue a combined organization, the most important decision is who to lead the new enterprise. In some cases, especially within Farm Credit, one of the incumbent CEOs is retiring and it's an easy decision to retain the remaining leader. In fact, CEO retirements are one driver for considering a merger.

"The leadership question is an early and critical topic in any merger," says Jay Lux, FCCS' Vice President of Leadership and Organizational Development and leader of its CEO and executive search services. "It's important that boards have an agreed-upon process to give them confidence they've made the right decision for the organization and its customers. While there is often an obvious choice to be CEO of the new organization, many boards elect to conduct a bona fide CEO selection process."

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> VP, LEADERSHIP AND ORGANIZATIONAL DEVELOPMENT, FCCS

A full CEO selection process offers several benefits. A broad process enables the board to see a variety of the best possible candidates, often identifying an unexpected individual who is ideally suited for the role. It also reflects that the board has done its fiduciary duty to assure a rigorous and thoughtful process for such an important decision.

In deciding who to put in the CEO seat, the board should clearly identify the attributes needed for the short and long-term success of the organization. In addition, the board must select a leader with the skills to instill a new culture, align teams and engage employees who are facing uncertainty while also continuing to deliver for their customers.

Once the CEO is identified, they'll build out their executive team, which presents another opportunity and challenge: many positions will be duplicated between the organizations, so difficult or creative decisions are needed. In some situations, the larger, combined organization can absorb multiple managers, but at the executive level it becomes more difficult.

"Ideally, the CEO will build their leadership team with executives from both predecessor organizations," says Jay. "In most cases, though, they don't want to lose the institutional knowledge and experience of the now-redundant leaders, so they'll create new roles to address emerging challenges."

With the leadership team identified, the integration of teams, systems and processes takes off full force. The organizations will need to make decisions about how the work of the business will be done going forward. Sometimes it's helpful to bring in an outside facilitator like FCCS to ask the right questions of the right people – those being directly impacted by the decisions being made.

For more information about CEO and executive selection, contact Jay Lux at 651.982.4568 or **via email**.