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LEADERSHIP LESSONS

What a Roman Emperor can teach you about succession

Lessons from Emperor Diocletian, a US computer giant and a British bank.

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There aren't many chief executives who would choose to run their businesses like 3rd century Roman emperors – hopefully – but that doesn't mean there's nothing to learn from them.

The emperor Diocletian, for example, was one of history’s great turnaround leaders. The former Roman cavalry commander's rise to power finally brought stability to the empire after nearly 50 years of brutal political turmoil known as the Crisis of the Third Century (the main problem: emperors struggled to hold onto their heads, with assassination and civil war reducing imperial life expectancy to a little over two years). But the emperor had a problem: how could he make sure that the Rome wouldn't just descend into chaos again when he died?

Diocletian’s solution was twofold. Firstly, he created an apparently stable system for succession – the tetrarchy, which saw power split between two senior emperors and two juniors who were their designated heirs. Then he voluntarily abdicated after 21 years, demonstrating that no one person was above the system.

Of course the cut-throat world of late Roman politics didn’t quite play out like that: following yet another a period of civil war, forced suicides and backstabbing (literally), the stable tetrarchy collapsed and Constantine (of Istanbul fame) emerged as the sole ruler.

A succession at the top is also often one of the most chaotic periods a business will face. New regimes and ideas come into contact with established processes and it can be a confusing, if not fraught time.

While it doesn't tend to have the bloody consequences of the classical period, business history is littered with examples of when passing the torch has merely left the incomer or organisation fanning the flames. Emulate them at your peril.

DON’T TRY TO CHANGE IT ALL AT ONCE

‘A common mistake that a lot of people make is about wanting to have a huge impact, so they make lots of changes when they come into an organisation,’ says Randall Peterson, Professor of Organisational Behaviour and Academic Director of the Leadership Institute at the London Business School. But this can often lead to internal conflict.

Leo Apotheker found this out the hard way when he was sacked less than a year after his appointment as Hewlett Packard CEO in November 2010. By all accounts it was a tenure full of abrupt decisions and a simple case of trying to change too much, too soon.

Former SAP joint CEO Apotheker was brought in after the abrupt departure of previous boss Mark Hurd. He attempted to implement a dramatic shift in the company’s strategy away from hardware towards the more profitable software services and the $10-billion acquisition of British software developer Autonomy Corp. The changes were implemented abruptly, however, resulting in backtracking and general confusion about HP's direction. The board eventually decided to pull the plug, but by the time Apotheker's 10 month reign came to an end, the company had lost more than $30 million in market value.

Incoming leaders can find themselves in a tough position. On the one hand you can’t not make a change, but change too much and you risk ruffling the nest, so it is important to find a middle ground.

'Don't think conflict is necessarily avoidable,' adds Petersen. Conflict doesn't necessarily mean an all-out battle between waging factions, but rather can refer to confusion over direction and resistance from longserving employees.

‘You've got to talk about what kind of conflict could happen at an organisation before it happens. This is not an individual effort, it's a team effort that needs to be openly discussed,’ says Peterson.

DON’T LOOK FOR A SHORT TERM FIX

When looking to fill a void left by an outgoing leader, there is a temptation from the board to rush the process and go with the short-term fix - especially if the departure is sudden. But a good process should look not only at what the organisation needs today, but also what it needs tomorrow.

When Anthony Jenkins was sacked as CEO of Barclays in July 2015 it was generally believed to be because of simmering internal disagreements between Jenkins and the board over the long-term direction of the organisation’s investment bank.

Jenkins was not a new appointment, he’d held the post for nearly three years after replacing Bob Diamond in August 2012. But ultimately Jenkins' vision to lessen the focus on the investment arm was out of touch with the interests of the wider organisation.

Simply asking who is the best leader is 'a silly question', according to former CEB chief exec Tom Monahan when speaking to Management Today in 2016. What a company needs this year will be different to what the company may need in eight years time.

It is important that the overall vision, skills and motivations of the successor match the organisation's long term plan - even if some of these still need to be developed. This is a discussion that should generally involve all stakeholders, including the outgoing CEO (if possible).

DON'T FAIL TO PREPARE

When it comes to appointing a successor it can't hurt to have put the ground work in. This doesn't mean simply identifying a suitable candidate for the incoming role, but also ensuring there is an effective strategy in place to prepare for changes.

Leadership transitions affect all levels and departments of a business. Therefore an effective strategy, with clear lines of communication, needs to be in place to ensure the impact is mitigated.

This is the main thing - says Peterson - that many companies continually get wrong.

'Many don't actually think about the logistics behind transitioning over and handing things over. Right down to the level of who signs for what where - does the old CEO sign off the new results over which the previous CEO was incumbent?' says Petersen. 'It sounds trivial, but it can create a lot of confusion if it hasn't been talked about.'

Of course history tells us that a CEO's tenure can come to end abrupt, unsuspected end - but if the processes are in already in place throughout the organisation, the turmoil can be lessened.

For an example of how this should be done, take a leaf from Jack Ma's book. The founder of Chinese e-commerce giant Alibaba will spend the next 12 months working with his successor to smooth out his transition before stepping down.

Of course our old friend Diocletian had similar plans and how Ma's succession will play out is yet to unfold, but he certainly can't be accused of under preparing.