



It's Never Too Early For Succession Planning

by [Steve Brown](#) Topics: [leadership](#), [strategic planning](#)

Summary: Succession is a critical topic for business longevity, and it's of increasing interest to regulators. We have seven steps that can help.

You may not know this, but termites live longer than any other insect -- even the cockroach. It has been said that the queen termite can live up to 100Ys! Most CEOs probably don't work at their financial institutions that long, so it is always a good time to do succession planning.

Succession plans give financial institutions a chance to assess the skills that future executives will need, decide which staffers are most promising, and deliberately cultivate those people's skills. Succession is a critical topic for business longevity, and it's of increasing interest to regulators.

Unfortunately, some directors struggle to start this conversation with bank executives, and executives often have their hands full with daily tasks. These seven steps can help bankers make the plans they'll need for their institutions' long-term health.

1. Don't wait for the perfect set of circumstances. Get started now. As you begin, concentrate on designing your process. How will you put a succession plan in place? How will you communicate with other participants in the process?
2. Once that is in place, you need an emergency plan. If your CEO wasn't able to continue leading, who would take over? That person needs to be prepared to run the ship for at least 90 days.
3. Ninety days would give your institution the time it needs to implement its short-term plan. Creating that short-term plan is your next task. Decide now whom you will designate as the understudy for each mission-critical role. Remember that the short-term successor is often a leading candidate for long-term succession, so choose wisely.
4. Whether the change is sudden or planned, finding a long-term successor is itself a job that requires several steps. First, you'll identify internal candidates, who will already know your institution's culture and customers -- especially if you deliberately teach them. Plan to cultivate several internal candidates so that one of them, at a minimum, will be ready to step up. You won't want to end up in a situation where someone might get the job because you have no other options.
5. You'll want to look at external candidates, too. An outsider can offer a fresh perspective. While you won't know their specific availability and can't nurture their skillset like internal candidates, considering external possibilities and knowing those pathways ahead of time should be part of your succession plan.
6. A third-party advisory firm may also be a helpful source of perspective in finding a CEO's successor. An advisor can suggest questions to ask and offer opinions about the skills and personal characteristics needed. An outgoing CEO shouldn't help search for the new person in that role.
7. With a new CEO in place, the succession plan is done -- at least for that particular succession. It's still important though to begin planning again, for the next time your top leadership changes.

ECONOMY & RATES

Rates As Of: 03/05/2020 05:50AM (PST)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.67	-0.60	-0.88
6M	0.59	-0.57	-0.99
1Y	0.50	-0.51	-1.07
2Y	0.60	-0.32	-0.97
5Y	0.69	-0.25	-1.00
10Y	0.95	-0.20	-0.96
30Y	1.60	-0.07	-0.79
FF Market	FF Target	Fed Disc	
1.59	1.25	1.75	
SOFR	Prime	Unemp	
1.23	4.25	3.60	

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BANK NEWS

Online Accounts

BAI research finds that 76% of Gen Z, 72% of millennials and 70% of Gen X all would [prefer to be able to open a deposit account online or using a mobile device](#). This compares to 43% of boomers.

Targets

A Bank Director survey finds executives rank the following as the [top types of nondepository institution targets](#) they find most attractive: investment/wealth management or trust business (57%), insurance brokerage or agency (49%) and residential mortgage loan origination (32%).

Digital Bank

Royal Bank of Canada, the largest bank in that country, said it plans to [expand in the US by launching a digital bank](#) focused on deposit gathering. This "direct-to-consumer" bank would focus on super high and high net worth clients and extends its current presence in the US.

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