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The IdeaBridge White Paper Series:
The 20 Vital Questions a
New CEO Must Ask



THE 20 VITAL QUESTIONS A NEW CEO MUST ASK

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Summary

The honeymoon period afforded a new CEO from the Board of Directors and investor groups will last about 100 days. Most New CEOs who are fired are not let go due to lack of technical skills, but rather, because they failed to address many of the fundamental issues and questions we've outlined below. These questions have been developed from extensive worldwide research and discussions involving real-life CEO firings.

In most cases, these questions should first be asked of the individual Board Members in private meetings. It is important to get to know the Board members on a personal level.

1. What are the specific objectives, initiatives and financial goals you are tasking me with? Develop a crystal-clear understanding of their expectations. Are different Board members asking you to accomplish conflicting objectives? If so, what are the specific goals and objectives for the company as established by the Chairman of the Board? You must know exactly what their expectations are! And if they are conflicting, you should address the matter by having the Board put your objectives in writing.
2. Ask them: Tell me how you would define in one year, three years and in five, whether or not I have been successful from your perspective? Further, what are the must-do's in your view? What do you want done and what is my level of authority? When do you want to be contacted, and on what kinds of issues, problems and decisions?
3. Understand the pressures of the Board Members. What are the organizational and personal objectives of each Board Member? Do they have a personal agenda that you can help them with? Do they have any "pet projects"? What do they feel is most important for you to focus on? What do they consider as the Top-5 most critical objectives of the company?
4. What is each person's preferred style of working? Do they want daily, weekly or monthly updates? Do they want to know about every hire? Do they want up to the minute information? When do they want you to pick up the phone and call them? Under what circumstances? Do they want you to just quietly run the company and report your actions after the fact, or do they expect you to get approval for every action? What is your level of authority? Where does it start and stop? How does each Board Member prefer to be informed?
5. Do they want information via email, letters, memos, PowerPoint presentation, just a telephone call, a casual update from time to time, or to hold off all communication until the Board Meetings?
6. It is vital that you get a very clear picture of the financial health of the company. What does the Board expect you to do financially with this company? What kind of returns are they looking for? How long will they give you? What kind of growth are they expecting? What are the key financial performance indicators that they will be using to track your progress? Ask yourself, "Can these goals be reasonably achieved?"
7. When conducting Board meetings, what is their preferred style? Aggressive and confrontational, or collegial and supportive? What level of problems do they want to be kept aware of? Low level issues, employee issues, major customer issues, supplier issues? Make sure you clearly understand what kind of events warrant an out-of-cycle phone call to the Board Members; let them tell you under what circumstances they want to be informed.



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8. What specifically led to the dissatisfaction with the current CEO? What would cause them to be concerned with your performance? Ask: What are your specific expectations of me as your CEO? Will they tell you when they aren't happy with your performance, or quietly go on an outside search to replace you? You ought to find out right now. Another point: Does the current CEO know that the Board is looking to replace him?
9. What do they see as your greatest opportunities? Your greatest risks? Your most important near-term business initiatives?
10. Ask: What will facilitate a very positive and constructive working relationship with you? What will impede such a relationship? What really bugs you and gets under your skin about a working relationship with a CEO? What will really frustrate you, and how can we avoid that? What kind of actions will delight you with my performance as your CEO? You must discover the pet peeves and special projects of each Board Member. Start off on the right track by finding out what each Board Member likes and dislikes about the current CEO and his working relationship with them.
11. You must find out exactly where the skeletons are located? What is going to jump out, grab you and suck up a lot of your time? What are the hidden problems that they are hesitant to tell you about? You have got to uncover these issues before you accept the job! HR issues? Staffing? Morale? Customer concentrations? Regulatory issues of any kind? Any risk of loyal customers leaving and causing you to have a liquidity issue? Any lawsuits? Urge everyone to be candid with you, say, "C'mon...tell me what the hidden issues, problems and agendas are!" You'll be shocked by what you'll learn if you keep pressing them and pushing for more detail.
12. What is the current state of employee morale? At the executive level, the managerial level and the street level? What are the current standards of performance at the company? How is performance measured, how were the standards established and are they working to propel success and build momentum?
13. What is your Marketing and Growth strategy? Where are you exceptionally strong? What market niches do you own, where are you weakest? Are there markets that you've had real trouble trying to penetrate?
14. How often does the Senior Team and the Board go offsite for Strategic Planning meetings? When was the last one and what results were obtained? Who has facilitated these meetings in the past? How has that worked? Have the planning sessions served to produce tangible results in terms of new product offerings, restructuring, cost reductions, new markets, new initiatives, alliances, etc.?
15. You should discuss the personalities within the company, especially those of immediate associates. A candid evaluation of the major personnel problems, and discussion about the senior people who need counseling and people who probably should be released.
16. Find out exactly which plans, reports, lawsuits, documents, projects and files you need to be briefed on by senior management or should review. Find out who is the best person to brief you on each issue. If reports and files must be read, find out which are the most important. Ask the Board Members to prioritize all the major issues that they expect you to look into.
17. Ask each Board Member: What are the festering problems that this company has just not been able to deal with to your satisfaction? What's hiding just around the corner that is most-likely to jump out



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and bite us? Where are these problems and who is specifically tasked with solving them? What level of priority are they currently being given?

18. Discover what your specific level of authority is on all decision-making. What are your boundaries and limits before having to turn to the Board for approval?
19. What are the toughest problems and issues that you can expect to encounter during the first few months? List the top-5, in order.
20. Are there any pending initiatives, mergers, major policy changes, relocations, expansions, lawsuits, pending acquisitions, government inquiries, labor negotiations, etc?