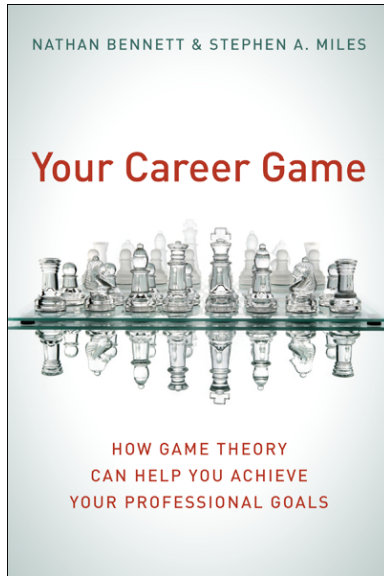


YOUR CAREER GAME

How Game Theory Can Help You Achieve Your Professional Goals

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Leadership Continuity at MetLife

March 23, 2011

By Nathan Bennett

MetLife just announced that Steven Kandrarian, the company's chief investment officer, would replace C. Robert Henrikson as CEO later this spring. Henrikson is fast approaching the company's mandatory retirement age of 65. Commentary on the move has been positive. Kandrarian has been credited for his role in helping to steer the company through the recent financial crises. MetLife, the biggest life insurer in the US, enjoys a sterling reputation because of its financial strength. In addition to his work in solidifying that reputation, Kandrarian has played a central role in strategic decisions at the company, including its efforts to expand globally.

Choosing Kandrarian came at the end of what was reportedly a yearlong succession planning process by the company's board. During that process, both internal and external candidates were considered. Boards are always in an enviable position when such a process produces more than one indisputably excellent candidate. It is especially true in this case because Kandrarian, now 59, is himself guaranteed to be a short-term CEO. Sure, he could serve what the numbers tell us is an average length term as CEO. Unfortunately, something average is not necessarily desirable. Kandrarian has only a bit of runway left; the board should not file their short list of candidates somewhere too far away. Given the way they appear to have approached this easily anticipated need for a new CEO it won't be long at all before the board has to gear up to find Kandrarian's replacement.

The circumstances at MetLife are not unusual and they point to an opportunity where current practice can be improved. As described in the press, MetLife's board has approached succession planning in a "batch process" fashion. Each time a CEO is needed, a process is cranked up to produce one – just in time. A better practice is to approach succession planning as a "continuous process" – in such an approach succession isn't an event, it is a discipline boards develop and practice all the time. This continuous process framework means that candidates – both internal and external – are constantly being appraised against what the board sees as the company's most significant upcoming challenges.

When a board is successful in developing the habits that support this approach to succession planning its ability to fill the CEO position, and those that provide logical stepping stones to that position, is greatly enhanced. Consequently, the board has provided assurance that it has met its most critical responsibility – leadership continuity.