Examining Strategic Preparation for CEO Succession

by

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I am the author of the thesis entitled

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Dedication

This thesis is dedicated to my grandfather, Professor Emeritus Bernhardt Mark Schoenberg (1928-2010) who passed away during its writing. I remember his stories of the joys and the frustrations of academia and through this process I have come to understand those stories better. I know I have got a few stories to share in return. Rest in peace, Pop.
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Completing this thesis is a major accomplishment for myself, but I never could have done it alone. A significant group of people have helped me along the way and, without their support, I doubt I would have persevered through the trying process that is a thesis.

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To my associate supervisor Dr Lesley Ferkins, thank you for always having an open door, particularly through these last few months, and helping me stay concentrated on theory. Your translating skills, your ability to keep asking me ‘what does it mean’, and your very helpful insight has meant so much on a personal and academic level.

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Ahmed, Yolande, Sajad, Jing, Steve, Wayne, and Jon, you must be thanked for your patience with my eccentric ways, including using the office as a bike storage location, my constant eating, and my general ability to be distracting. Thanks for making the Master’s experience more than just an academic one and helping me enjoy my time at Deakin.

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Finally, thanks to my parents, Heather and Gregor, and my sister, Katie. Your love and inspiration cannot be overstated. Thank you so much for understanding my need to take on this challenge and know that I couldn’t have done it without you.
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Abstract

A change of Chief Executive Officer (CEO) is inevitable in every organisation that employs one. This change, known as a CEO succession, marks a critical time for organisations and is increasingly important in sport organisations, due to the increasing influence of the CEO in decision making, strategic planning and the organisation as a whole. The responsibility for this crucial decision falls to the board of directors, making CEO succession a governance issue. While research in sport governance is increasing, the focus has primarily been on the effects of professionalisation on boards, the Board-CEO relationship, and the strategic capability of boards. Limited attention has been paid to the actual actions and processes of the board in terms of CEO succession.

The research areas of CEO succession and sport governance provided the foundation for this research into CEO succession and sport organisations. The identification of a CEO succession process and the concept of strategic fit from the succession literature provided a link to the governance research on the board’s role of strategic planning and managing the CEO. This link allowed for the examination of the CEO succession process, the integration of strategy into CEO succession, and the facilitators and barriers to a successful succession, defined as the achievement of strategic fit.

Three State Sport Organisations (SSOs) were used to examine the research area. The choice of SSOs was logical as they must balance their role in the national strategy for the sport dictated by the National Sport Organisation (NSO) versus their requirements to their member organisations to deliver competitions at the club level. This middle role highlights an operations-strategy balance that is not unique within the Australian sport system, but is certainly highly prevalent in SSOs. Three mid-sized SSOs, defined as a staff between six and 20, that had undergone recent CEO successions were studied. In-depth interviews, conducted with the President, the new CEO, and a member of the CEO selection subcommittee, provided the majority of data, which was
supplemented with the analysis of documents including strategic plans, position
descriptions, interview guides and other relevant documents.

Results of this study showed that SSOs rely on skilled and experienced
board members who follow an ad-hoc process that did not exhibit the
distinguishing characteristics that could be expected in a CEO succession. Rather
than conducting a complete and formal analysis of the organisation, consulting
with stakeholders, and developing a clear job description, the study found that
the search subcommittee examined the strengths and weaknesses of the
previous CEO and that reflection served as the primary guide for the selection
criteria for the next CEO. The hiring mechanism was a recognisable process as
organisations advertised, shortlisted, interviewed, and selected the new CEO;
however, notably absent during this stage of the process was the integration of
strategy as boards were operationally driven. Once the selection was finalised,
boards stepped away from the CEO and provided very little development and
guidance to the appointee. This meant CEOs were mostly responsible for their
own induction to the organisation and were operating without the guidance of
clear targets outlined in a performance review plan.

The results of the study have enhanced awareness of sport governance.
The CEO selection and monitoring role of the board has been expanded to
include development and guidance roles reflecting a stewardship approach that
is consistent with shared leadership. Also, the impacts of CEO succession on
board strategic capability suggest that CEO succession should be considered
within the board’s strategic role. This research has identified that the impacts of
professionalisation, most notably, the formalisation of processes, has yet to
expand to board activities and lags behind managerial activities. Finally, boards,
while shifting to a more strategic focus, are still struggling to determine how to
integrate strategic activities into board operational tasks.
Chapter 1: Introduction

Nonprofit organisations are increasingly experiencing changes in their Chief Executive Officer (CEO), and the issue is only expected to become more of a problem with the baby boomer generation nearing retirement and more than 67% of CEOs expecting to depart their role within the next five years (Cornelius, Moyers, & Bell, 2011). For many boards of directors, the selection of the CEO will be the most important decision they make (Carver, 2006). A successful appointment can improve an organisation’s efficiency, effectiveness, and stability (Adams, 1998; Beatty & Zajac, 1987); whereas a poor selection can result in turmoil, strife, turnover, and a repeat of the process a short time later. Sport organisations are not immune to this impending phenomenon and many are already facing the issue. In examining websites, annual reports and other sources of information, more than two thirds of Victorian State Sport Organisations (SSOs) had a change in their CEO between 2007 and 2010 with some experiencing multiple changes.

This chapter provides a brief background to CEO change within sport organisations. Clear research problems are developed and justified prior to an outline of how the research was conducted and how the thesis is presented. An identification of key terms and a discussion of the unit of analysis are also included.

1.1 Background to the Research

This section provides historical context for the evolution of the CEO role in sport organisations and for the influence that CEOs have in sport organisations. At the end of this section, it will be clear that an examination of CEO succession is warranted.

1.1.1 The impact of professionalisation in sport organisations.

Sport organisations have an institutionalised structure with a voluntary part-time board of directors, whose members are elected or appointed and traditionally have been responsible for the operation of the organisation (Kikulis, 2000; Slack, 1985; Slack & Hinings, 1992). In response to the increasing complexity of the
sporting environment, including increased commercialisation, decreased amateurism amongst athletes, and increased government funding, boards have turned to employing paid staff to fill operational roles (Kikulis, Slack, & Hinings, 1995; Shilbury, 2001; Thibault, Slack, & Hinings, 1991). As a result of this professionalisation, organisations have become more formalised and specialised, now representing a service organisation, as opposed to the traditional member-benefit organisation (Thibault, et al., 1991). Consequently, the board’s primary roles have changed from operations and sport delivery to, instead, prioritise strategic planning and executive management (Inglis, 1997a).

Additionally, the increasing professionalisation of sporting organisations has resulted in an increase of power and influence held by the CEO at the expense of the board’s authority (Auld, 1997; Auld & Godbey, 1998; Shilbury, 2001). While the CEO has become more important, there is still a desire from the board and the CEO for the board to remain influential, primarily through strategic planning and overall organisational guidance (Shilbury, 2001).

1.1.2 The importance and strategic impact of CEO succession.
The CEO, also known as Executive Director (ED) or General Manager (GM), has become more influential and is often viewed as having more power than the traditional power base of the board (Shilbury, 2001). This is as a result of the CEO’s position as the leader of the staff, coupled with the increasing reliance on staff to deliver operational requirements; a further contributing factor is the full-time nature of staff employment, compared with the voluntary, part-time contributions made by board members.

Inevitably, at some stage the organisation will need to replace the CEO for any number of reasons including retirement, poor performance, or the CEO’s departure to another role, and the responsibility for the new appointment falls to the board (Inglis, 1997a). While many terms can be used to describe the change in CEO, the literature most commonly refers to any change in CEO as CEO succession (Giambatista, Rowe, & Riaz, 2005; Kesner & Sebora, 1994), regardless of the circumstances surrounding the event. The term CEO succession applies
equally to any change in CEO whether the CEO was dismissed or resigned, promoted internally or hired externally, and if the CEO succession was planned or unplanned. This term does not include an organisation’s first CEO hire as no CEO will have departed the organisation.

The hiring of a new CEO represents a challenge to organisations, in part, because of the uniqueness of the CEO position. Justifying the separate field of CEO studies from other staff succession, Allgood and Farrell (2003) noted that CEO succession is a board responsibility rather than a staff responsibility and that new CEOs frequently do not have previous experience in the role; further, Talbot (1997) suggested that, since a new CEO’s responsibility shifts from a specific functional area to responsibility for the entire organisation, there is support for inquiry that examines CEO succession as distinct from other organisational staff turnover.

Additionally, the selection of a new CEO can be a strategic statement (Westphal & Fredrickson, 2001); new CEOs have been shown to impact strategic direction (Beatty & Zajac, 1987) and their role in strategic planning has increased within sport organisations (Auld, 1997; Auld & Godbey, 1998; Shilbury, 2001). This strategic influence has highlighted the importance of obtaining strategic fit in a CEO succession. Strategic fit is defined as a match between the strategic direction of the organisation and the skills and characteristics of the CEO, suggesting that an organisation will be more effective when strategic fit is achieved (Gupta, 1984; Leontiades, 1982; Szilagyi & Schweiger, 1984; Wissema, Pol, & Messer, 1980).

1.2 Research Problem, Research Questions and Contributions
The importance and impact of a CEO on a sport organisation is increasing and a change in CEO is a significant event, yet there is no known inquiry into CEO succession within sport organisations, representing a significant gap in the literature. As the first empirical study of CEO succession in sport organisations, the overall research problem addressed in this research is:

*How do State Sport Organisations experience CEO succession?*
Specific research questions have been developed centring on certain aspects of the CEO succession phenomenon in order to focus the research project. With little inquiry into any area of CEO succession within sport organisations, this research uses a governance lens to examine the issue.

The identification that CEO succession is a board responsibility and that the CEO succession process is therefore different from a normal staff hire provides the basis for the first research question. The first question aims to explore the succession process and the board’s role in it. It asks:

*RQ1: How do boards manage the CEO succession process?*

Boards of sport organisations are receiving encouragement from government and funding bodies to become more strategic and to operate at a strategic level (Australian Sports Commission, 2005). CEOs are also seeing their strategic role increase and the selection of a new CEO has been shown to have a strategic impact (Boeker, 1997). Examining the link between strategy and succession is the primary purpose of research question two. It seeks to examine:

*RQ2: How does organisational strategy impact the succession process?*

Board inexperience with succession and the time pressures created in succession are often the most significant barriers to successful succession processes (Adams, 1998; Allison, 2002; Charan, 2005). Keeping in mind that the achievement of strategic fit is one definition of a successful succession, the final research question aims to examine:

*RQ3: What are the facilitators and barriers to the achievement of a successful succession?*

These three research questions provide the structure for the research.

Table 1.1 outlines some of the key contributions of this empirical study, and these are discussed in detail throughout Chapters Four and Five.
Table 1.1: Research Contributions

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Contribution</th>
</tr>
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<tbody>
<tr>
<td><em>RQ1: How do boards manage the CEO succession process?</em></td>
<td>• The CEO succession process in sport organisations follows a similar process to that of a non-CEO hire</td>
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<tr>
<td></td>
<td>• There is little consideration made for the uniqueness of the CEO position</td>
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<tr>
<td></td>
<td>• Echoing nonprofit literature, boards rush through the pre-recruitment stage and mostly neglect the</td>
</tr>
<tr>
<td></td>
<td>post-selection phase</td>
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<tr>
<td><em>RQ2: How does organisational strategy impact the succession process?</em></td>
<td>• Organisational strategy plays a minimal role in CEO succession</td>
</tr>
<tr>
<td></td>
<td>• Succession subcommittee members have their own perception of the organisation’s strategic position</td>
</tr>
<tr>
<td></td>
<td>which is used to guide their selection</td>
</tr>
<tr>
<td>*RQ3: What are the facilitators and barriers to the achievement of a successful</td>
<td><strong>Facilitators</strong></td>
</tr>
<tr>
<td>succession?**</td>
<td>• Experienced and skilled board members</td>
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<td></td>
<td>• Review of the previous CEO’s strengths and weaknesses</td>
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<tr>
<td></td>
<td><strong>Barriers</strong></td>
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<td></td>
<td>• Board members, due to a lack of knowledge, do not expand the hiring process they are familiar with</td>
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<td>in order to incorporate the extra demands of CEO succession</td>
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<td></td>
<td>• The board’s shift to a strategic focus has resulted in a board that is confused about its operational</td>
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<td>role</td>
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1.3 Justification for the Research

Notable reviews of the research on changes in the CEO position, referred to as CEO succession, by Kesner and Sebora (1994) and Giambatista et al. (2005) identified that CEO succession research includes research on successor origin, succession impact, succession rate, contingencies, successor characteristics, succession planning, and succession consequences, with the majority of these studies focusing on CEO succession within corporate and for-profit firms. The majority of this research has followed a quantitative approach using publicly available historical data and have been conducted using corporate entities (Giambatista, et al., 2005; Kesner & Sebora, 1994). The limited literature on CEO succession within nonprofit organisations follows similar themes with minimal breadth. In this limited nonprofit succession research there has been little empirical inquiry into the succession process with most process related literature being prescriptive in nature and based on the author’s own experiences (Adams, 1998; Albert, 1993; Gilmore, 1993). Updates to such guides have continued to be non-empirical in nature, resulting in a rather dated and subjective field of study.
Increased understanding of the succession process will contribute to the developing body of knowledge regarding the entire succession phenomenon.

Within sport organisations, the increasing attention to governance has resulted in the examination of board roles (Inglis, 1997a, 1997b; Shilbury, 2001), the Board-CEO relationship (Hoye & Cuskelley, 2003a), strategic governance (Ferkins & Shilbury, 2012; Ferkins, Shilbury, & McDonald, 2005; Ferkins, Shilbury, & McDonald, 2009; Shilbury & Ferkins, 2011), and board performance (Papadimitriou, 2007; Papadimitriou & Taylor, 2000). The examination of CEO succession within sport organisations may provide insight into the function of sport boards in changing environments.

The critical nature of CEO succession is worthy of examination from both a theoretical, as described above, and a practical perspective. As the potential leadership crisis nears (Tierney, 2006), it is important that the limited resources available to sport organisations are effectively utilised. Through understanding of current succession processes, facilitators and barriers to succession can be identified, forming the foundation for practical guidelines that may improve the effectiveness of CEO succession within sport organisations.

1.4 Research Design
Operating out of a realist paradigm, this research looks to build a theoretical understanding surrounding the research issues using the experiences of those involved with the CEO succession phenomenon. Murphy (1995) recognised that qualitative research can better integrate previously unconsidered issues, and Kesner and Sebora (1994) along with Giambatista et al. (2005) have called for qualitative research into CEO succession. Given the complicated nature of a CEO succession event, minimal previous empirical studies regarding the succession process within a nonprofit or sport context, and the exploration of succession in a new context, the use of a qualitative approach can be considered appropriate.

This study followed a multiple case study approach that involved the collection of data from three different cases that were selected based on criteria that centred on the size of the organisation and the time elapsed since the most
recent CEO succession. Primary data collection was undertaken through the use of in-depth, semi-structured interviews supplemented through the analysis of documents including strategic plans, position descriptions, and annual reports. Interviews were conducted first with the President of the organisation, then with the new CEO, and finally with a member of the board’s selection committee. The interviews were then coded; the existence of CEO succession and sport governance literature allowed for the development of an initial coding structure that evolved as line by line coding occurred.

Results regarding succession, the board’s succession experience and the succession process are presented and linked to previous literature regarding succession and governance.

1.5 Structure of Thesis
The thesis adopts a five chapter structure with an introduction, literature review, methods, results and discussion, and conclusion. Chapter One includes the background to the research, the research problem and justification, information regarding the research approach, definitions of important terms, and a discussion of the scope and delimitations of the thesis. Chapter Two provides a comprehensive review of the relevant literature and identifies significant trends in sport governance due to the impacts of the professionalisation of sport organisations, including the developing importance of the Board-CEO relationship, and the new strategic roles of sport boards. Here, the concept of strategic fit is introduced, providing the bridge to a discussion of CEO succession and the CEO succession process.

Chapter Three provides greater insight into the research approach. Further justification regarding the research paradigm and the utilisation of a qualitative approach is provided before information regarding the procedure of a multiple case studies design and the method for case selection is discussed. Following this, data collection and analysis procedures are justified. The chapter finishes with a discussion of ethical considerations.
The results and discussion of the inquiry are presented in Chapter Four. A detailed overview of the circumstances regarding each case begins the chapter. The results of each case are integrated with each other, highlighting similarities and differences across the cases. The broad concepts of succession and sport governance provide the framework for a discussion in which findings are compared to previous literature before the greater implications of the research project are presented.

The final chapter readdresses the overall research problem and the research questions, providing a summary of the results based on the findings in Chapter Four and the implications for theory, practice and methodology; finally, an overview of the limitations of the research and suggestions for future directions are presented.

1.6 Definitions

"Definitions adopted by researchers are often not uniform, so key and controversial terms are defined to establish positions taken in research" (Perry, 1998b, p. 71). Below are a series of definitions of important terms related to this thesis.

**Board of directors**

The board of directors is a group of people who have been “charged with responsibility for making decisions throughout the year on behalf of the ... nonprofit sport organization” (Hoye & Cuskelley, 2007, p. 36). Board members will be elected, appointed, or invited to participate (Hoye & Cuskelley, 2007).

**Chief Executive Officer (CEO) or Executive Director (ED) or General Manager (GM)**

All three of these terms are considered equal in this research and refer to the hierarchical leader of the staff. The CEO is hired by the board and is the only person to report directly to the board (Carver & Cadbury, 2001). Hoye and Cuskelley (2007, p.71) expand upon this, stating:
the role of the CEO is generally defined as a management role.
... [that includes] responsibility for implementing the strategic plan, managing the office, day-to-day management of the organization, employment and human resource management issues, financial management, business development including marketing and sponsorship, implementing the Company business plan, management and execution of contracts, government relations and acting as a spokesperson.

**Governance**

Governance is “the system by which the elements of an organization are directed, controlled and regulated” (Hoye & Cuskelley, 2007, p. 3). Further, it is “the process by which the board sets strategic direction and priorities; sets policies and management performance expectations; characterises and manages risk; and monitors and evaluates organisational achievements in order to exercise its accountability to the organisation and its owners” (Sport and Recreation New Zealand, 2006, p. 18).

**President or Chair**

Traditionally, the President of a sport organisation also acts as a board chair and therefore, the terms President, Chair and Chairperson are considered synonymous in this thesis. The Australian Sports Commission (2005, p.4) states:

The chairperson is responsible for leadership of the board, ensuring its effectiveness in all aspects of its governance role. The chairperson is pivotal in creating the conditions for overall board and individual board member effectiveness and ensures constructive relations between board members and staff.

The roles and responsibilities of the President include representing the board, planning and managing board meetings, communicating with the CEO, the induction and development of board members, and evaluating board performance (Hoye & Cuskelley, 2007).
CEO Succession

CEO succession refers to all changes in the position of CEO for any reason but is not extended to include organisations hiring a CEO for the first time.

Strategic fit

"The ultimate aim of the [strategic fit] model is to use a company's long-term strategy to aid in the selection of a chief executive" (Leontiades, 1982, p. 60). “Proponents of this linkage appear to reject, partially, conventional wisdom, which suggests that competent managers can successfully run any organization, regardless of the chosen strategies. Instead, they suggest that emphasis be placed on selecting managers whose skills, management styles, and behaviors are congruent with the requirements of particular strategies” (Szilagyi & Schweiger, 1984, p. 626). Within this thesis, the match between strategy and CEO is identified as an ideal result of the CEO succession process.

Succession planning

Succession planning will “(a) develop an understanding of current job demands, (b) assess job performance of employees, (c) build the talent pool within the agency, and (d) create a means to assess development opportunities” (Hurd & Buschbom, 2010, p. 97). Within this thesis, succession planning is specifically defined as the development of an internal successor for a planned replacement of the current CEO.

Succession process

The succession process refers to all action that “occur[s] between the onset of the imbalance or stress and the time when some equilibrium or tranquil interval is reached” (Miller & Friesen, 1980, p. 271). The process can be divided into several phases with a common breakdown being: Getting Ready; Recruitment and Selection; and Post-Selection (Allgood & Farrell, 2003). The succession process begins with the resignation or dismissal of the current CEO and ends at the completion of the Post-Selection phase.
Succession capability

Succession capability is the combination of succession knowledge and the succession process developed within the organisation and indicates the ability of an organisation to effectively manage a succession event. A highly capable board will be better prepared to handle a succession event.

Succession knowledge

Succession knowledge represents the understanding of the CEO succession process and the uniqueness of CEO succession. Applicable to both the individual and group, a high level of succession knowledge can be used in lieu of a formalised succession process.

Succession preparation

Succession preparation refers to actions taken by a board prior to a known or unknown succession event. This is viewed as all preparation activity prior to the departure of a CEO. This can include succession planning but can include other activities not specifically directed towards the development of an internal successor.

1.7 Delimitations of Scope and Key Assumptions, and their Justifications

The unit of analysis of this research was mid-sized Victorian SSOs. The recognition of the sport environment as constituting a unique set of industry conditions allows for sport organisations to be conceptualised as a specific research area. As the primary sport delivery option for most sport participants, SSOs have strong operational requirements; however, as the state governing body for the sport, there are also notable strategic elements in place, meaning the boards of these organisations must balance their operational and strategic responsibilities very carefully. This is compared to NSOs for whom constant day-to-day competition operations make up a small amount of their activities, compared to their primary purpose of the long-term direction of the sport. SSOs are more strategic than individual clubs who tend to focus primarily on club
operations with little regard to long-term strategic planning. The potential pool of SSOs was delimited to the state of Victoria within the country of Australia. The choice of a single state enables more effective cross case analysis due to similar operating environments, government policies and legal requirements. Continuing along the theme of finding the operations-strategy balance, this study examined mid-sized SSOs, those with between six and 20 staff, boundaries drawn from literature on nonprofit organisations (Bell, Moyers, & Wolfred et al., 2006; Teegarden, 2004). Finally, inclusion in the study required that organisations needed to have recently experienced a CEO succession.

In addition to delimiting the unit of analysis, the study was delimited in terms of its examination of CEO succession. Rather than attempting to examine all elements of succession, this research focused primarily on the succession process used to identify a replacement CEO; measurement of post-succession effects was not an intent of this study. Examination of the scant literature available revealed that elements of succession planning within nonprofit organisations tended to be limited, hence this study’s interest on the process used by the organisation from the point at which the board receives notification of CEO departure through to and including the induction of the new CEO.

1.8 Summary
This chapter has provided a background and foundation to the research issue regarding CEO succession within sport organisations. A brief overview of the issues regarding sport governance and CEO succession were presented before an introduction of the overall research problem and research questions. Justification for the study was provided through an analysis of the direction of sport governance literature and the absence of previous empirical studies into the area. Practical justification highlighted the importance of CEO succession and the issues facing sport organisations today. Outlines of both the research approach and the thesis followed this justification. The chapter finished with an overview of key definitions of thesis terms and a discussion of scope and delimitations. This foundation allows for the thesis to proceed to a review of literature related to sport governance and CEO succession.
Chapter 2: Literature Review

The previous chapter provided an overall background to the research providing justification for the area of research and a brief outline of how the research was conducted. This chapter provides a more detailed examination of the literature resulting in a more thorough understanding of the research area.

The chapter begins by describing the impacts of professionalisation of sport organisations and the flow-on effect professionalism has on the roles of the board in terms of identifying the key board tasks as strategic planning and executive management. Recognising that a change in CEO combines these roles, the literature describes strategic fit as the desired outcome of CEO succession. Drawing on literature from the nonprofit and the corporate areas, the chapter describes CEO succession and outlines a CEO succession process. Analysis of the literature on CEO succession in general and succession planning specifically reveals board activities that can assist in achieving a successful succession.

2.1 Governance and the Professionalisation of Sport Organisations

Governance is a form of organisational structure wherein individual people come together to form a board of directors that allow the organisation to direct, organise, and regulate itself (Clarke, 2004; Hoye & Cuskelly, 2007). Within sport organisations the use of this structure “is widespread across the sector and has been maintained over time to become a permanent aspect of governance and decision making in these organisations” (Kikulis, 2000, p. 297) and the calibre of the board has been shown to affect organisational effectiveness (Bayle & Robinson, 2007; Papadimitriou, 2007; Papadimitriou & Taylor, 2000). The evolution of the board as a permanent structure of organisations and the subsequent impact the board has highlights the effects of institutional theory in governance.

Institutional theory posits that organisational behaviours are slowly adopted to meet a normative method through coercive, mimetic, or normative processes (DiMaggio & Powell, 1983; Miller-Millesen, 2003). Coercion refers to the use of authority to require the adoption of a desired behaviour or other
element, as “sources of coercive pressure to conform come from mandates in the organizational, legal, and funding environments” (Miller-Millesen, 2003, p. 537). The mimetic process of institutionalisation originates from within an organisation as the practices of successful organisations provide a pathway for imitation, primarily in times of uncertainty (DiMaggio & Powell, 1983). Normative refers to actions taken with the intent to increase the professional capabilities of the organisation and gain legitimacy (DiMaggio & Powell, 1983). Adoption of these organisational behaviours, processes, and structures provides a sense of legitimacy both within and external to the organisation (Meyer & Rowan, 1977), even though the adoption of these elements may be detrimental to organisational performance (D’Aunno, Sutton, & Price, 1991). Institutional theory often leads to inter-organisation isomorphism within an institutional environment (Zucker, 1987). The use of institutional theory provides an underpinning to the similarities of the governance structures, roles, and challenges seen within sport organisations.

The institutionalisation of the use of a board as a method of decision-making within organisations is not without merit. Multiple studies have highlighted the benefits to organisational performance provided by effective boards (Bayle & Robinson, 2007; Papadimitriou & Taylor, 2000). Yet, despite this knowledge, the identification of how to best determine whether a board is effective or not is unclear (Hoye & Doherty, 2011). Furthermore, identifying what should be measured with regards to organisational performance is difficult given the multi-dimensional nature of nonprofit organisations (Herman & Renz, 2000, 2008).

This link between board effectiveness and organisational performance was, historically, more direct as boards made most, if not all, of the decisions regarding the organisation and were heavily involved in day-to-day operations; these were the institutionalised roles of the board. However, growing concerns regarding the complexity of sport as a whole and of sport organisations specifically led to the introduction of CEOs as full-time staff members, likely diminishing the direct influence of the board on organisational performance.
Prior to the introduction of sport management professionals, “most decisions were made by volunteers with no obvious expertise” (Shilbury, 1993, p.125) and decision making was centralised with the board resulting in the creation of an institutionalised leisure culture (Shilbury, 2001). An awareness of the growing challenges for sport organisations led to the recognition that purely volunteer-based organisations would no longer be suitable in the changing environment. These factors drove boards to begin employing people at a management level to handle the increasing workload; this introduction of staff has been referred to as professionalisation (Slack, 1985; Thibault, et al., 1991).

The concept of professionalisation and its effects has received much attention in the literature on sport organisations (Auld, 1997; Auld & Godbey, 1998; Inglis, 1997a, 1997b; Shilbury, 2001; Thibault, et al., 1991). Professionalisation manifests itself most commonly in the hiring of a CEO, the process of which is the focus of this thesis, and while small organisations may experience some modifications to this definition, the typical CEO is a full-time paid employee responsible for managing staff and handling day-to-day operations. The CEO reports directly to the board, who remain at the top of the hierarchy, and the CEO is the primary link between the board and other staff.

The increase in professionalisation has seen sport organisations switch from mutual benefit organisations, benefiting all members and decisions made by members, to service organisations, as hired staff selected by a group of people carries out the decisions of the same people (Inglis, 1997a). Shilbury (1993) noted this transition in the evolution of the Australian Football League as it changed from a democratic system, in which each club was involved with and voted on the administration of the league, to a management system independent of the clubs it governed, highlighting an increasing complexity that has driven organisations to consider ways of maintaining or developing order.

The process by which order is created and maintained within an organisation is commonly referred to as the bureaucracy of an organisation (Weber, 1947). Organisations that are highly bureaucratic have a sense of order
that is often demonstrated through a well organised hierarchy, high level of specialisation, a formal communication structure, and a respect for merit and seniority (Shilbury, 1993). Furthermore, in order to achieve a high level of bureaucracy, organisations typically need to be large in size (Shilbury, 1993).

The impacts of professionalisation and the impacts of bureaucracy show many similar characteristics. The increases in both have been linked to changes in specialisation, formalisation, and decision making methods (Thibault, et al., 1991). The employment of professional staff led to an increased division of work tasks (specialisation) and the increased standardisation and documentation of task performance (formalisation) (Thibault, et al., 1991). In terms of decision making, the heightened professionalisation and bureaucracy also led to a period of increased centralisation which ultimately led to a decrease in the authority level required to make a decision (Thibault, et al., 1991). This initial centralisation, followed by decentralisation, can be attributed to boards increasing their hold on power due to a fear of a dominant executive before becoming more accepting and allowing the CEO to increase their role in decision making (Thibault, et al., 1991). The balance of power is an aspect that has been noted by Auld and Godbey (1998) and Shilbury (2001). The authors noted that a power divide exists between the volunteer board of directors and the CEO and, further, that both parties recognised that the CEO was in an increasingly dominant position. While both board members and CEOs supported the notion of an influential CEO, each group still supported the concept of an active and contributing board (Auld & Godbey, 1998; Shilbury, 2001). The perceptions of these groups were empirically examined and confirmed with Hoyle and Cuskelley (2003b) finding that ineffective boards featured fragmented or powerless boards.

The power divide within sport organisations highlights several different theoretical lenses commonly applied to the study of governance. The theories of agency, stewardship, and managerial hegemony all provide a different perspective with which to examine the leadership of an organisation with the most common theoretical approach being agency theory. Agency theory begins
with the assumption that a principal (the owner) delegates a portion of its control and authority to an agent (the CEO) who is responsible for acting in the interest of the principal (Jensen & Meckling, 1976). Agency theory dictates that the principal is responsible for controlling and monitoring the actions of the agent to ensure the agent does not take advantage of the organisation through the self-opportunism available to the agent (Fama & Jensen, 1983). These opportunities exist due to “the presence of goal conflict and information asymmetry” (Sapienza, Korsgaard, Goulet, & Hoogendam, 2000, p. 332). Zald (1969, p. 98) identified this information asymmetry as “boards are at the mercy of the managers who control information, definitions of alternatives, the nominating process, and indeed the very agenda of decision making”. Agency theorists would have concerns about the growing influence of the CEO in sport organisations and would encourage the board to increase its monitoring role in an effort to ensure the CEO acts in the best interest of the organisation.

A stewardship theory approach rejects the idea of agent opportunism identified in agency theory and, instead, holds a view that suggests that CEOs act as stewards, rather than agents, and are motivated to act in the interest of the principal rather than their own self-interest. Grounded, not in the management literature, but rather in the schools of sociology and psychology, stewardship theorists argue that “given a choice between self-serving behavior and pro-organizational behavior, a steward will not depart from the interests of his or her organization” (Davis, Schoorman, & Donaldson, 1997, p. 24). Stewardship theorists would suggest that a more influential CEO is not necessarily a negative as the CEO will act in the interests of the organisation. More importantly, open communication between the two parties is required to ensure a clear vision of the board’s direction is transferred.

A final perspective on the increasing influence of the CEO can be found in managerial hegemony theory. This theory suggests that there should be no surprise about the growth of CEO power as the CEO is in an advantageous position that affords them more organisational knowledge, a full-time role, increased access to information, and professional experience (Dallas, 1996).
Essentially, the CEO is truly in charge and has the ability to influence the board to align with the CEO, although the board will technically retain power and control over the organisation (Stiles, 2001). While agency theory implies the CEO will act in self-interest and stewardship theory suggests that the CEO will act within the interests of the organisations, there is no clear statement as to the nature of the CEO’s actions within managerial hegemony. Rather, managerial hegemony simply states the board has ceded power to the CEO.

Irrespective of the theoretical lens, ownership and control are growing issues within sport organisations (Ferkins, et al., 2005), and with the growth of professional staff the following questions are raised, a) who should be making the decisions now? And b) in the case of the volunteers, who is qualified to make those decisions? (Ferkins, et al., 2005). Continuing research in the relationship between the board and the CEO has shown that the CEO plays a much larger role in strategic development than originally thought (Hoye & Cuskelley, 2003a).

There are areas which are the domain of the CEO, areas which are the domain of the board, and areas on which the CEO and the board will work together (Hoye & Cuskelley, 2003a). The increasing influence CEOs are granted, in terms of having a role in decision making, operations, and strategic planning has been embraced in some cases; however, it has often led to friction due to discrepancies between perceived, expected and actual roles held by CEOs and the board (Ferkins et al., 2005). This friction can lead board members and paid staff to constantly try to determine the limits of their and the other’s responsibilities. These tensions can increase when it comes to the role of strategic management and direction as the transition has seen volunteers struggle to retain control of strategic decision making with paid executives increasing their influence at the expense of board members in most areas (Ferkins, et al., 2005). Interestingly, this shift of responsibility towards the executive is not the preference of either the CEO or the board; both would prefer the board to be involved with strategy development and long-term planning (Shilbury, 2001).
While CEOs still desire a strategic board, other areas of board involvement have become less valued with CEOs placing low emphasis on board involvement with operational issues such as program delivery, once the cornerstone of board activity (Shilbury, 2001). It is evident that while the CEO desires guidance from the board as to priority areas, he or she expects freedom in developing strategies to achieve these goals.

The Board-CEO relationship has been impacted by increased professionalisation. With power and organisational control now divided between the CEO and the board, a concept of shared leadership has evolved which has resulted in changes to the role of the board. Before a discussion of the board’s roles is presented, an examination of the important relationship between the board and the CEO is offered in the next section.

2.2 The Board-CEO Relationship

“No single relationship in the organization is as important as that between the board and its CEO ... [It] can set the stage for effective governance and management ... [or have] dire potential consequences” (Carver, 2006, p. 153). Yet despite the importance of this relationship, it is not well understood, as evidenced by the contrasting opinions of prescriptive authors and empirical studies. An understanding of the importance of the board-CEO relationship will assist in creating the context for the examination of CEO succession. The following section discusses the relationship between the board and the CEO and its relation to the success of an organisation. In order to do so, the nature of the relationship must first be discussed. The concepts of shared leadership, the interdependent nature of the relationship and keys to effective Board-CEO relationships will be combined in a way that demonstrates the importance of the board-CEO relationship.

The oft-described prescriptive model of nonprofit structure features the board of directors as the primary decision makers who provide direction and guidance to the CEO who is in turn responsible for achieving organisational outcomes (Carver, 2006; Houle, 1997). Carver (2006) emphasised the
importance of the board in strategic function and long-term planning; he suggested the board is spending too much time in the operations area. This description of a clear boundary between planning and operations falls in line with the agency approach to a Board-CEO relationship as the board acts as the monitoring and guiding principal to the CEO’s role of agent. However, increased research into this theory appears to oppose this clear delineation of roles (Auld & Godbey, 1998; Hoye & Cuskelley, 2003a; Shilbury, 2001).

Empirical research has shown that the leadership of most sport organisations tends to come from a combination of the CEO and the board (Hoye & Cuskelley, 2003a). The key leadership roles are shared between the two, meaning that often a simple split between policy and operations as proposed by Carver (2006) is not accurate (Auld & Godbey, 1998). In fact, a power sharing arrangement was more often found in effective boards rather than ineffective boards (Hoye & Cuskelley, 2003b). This is partially due to the an inherent dichotomy of the relationship between the board and the CEO that sees the board responsible for hiring and monitoring the CEO, while at the same time being dependent on the CEO for information on the well-being of the organisation (Iecovich & Bar-Mor, 2007). Allison (2002) takes this paradox to a broader level, noting that the board is technically the body in charge of the organisation, but since the CEO has far more access to information and day-to-day knowledge (Brown & Guo, 2010), a more powerful CEO will have more control over direction and the board may find itself relinquishing control of the organisation, linking to a managerial hegemony approach to the Board-CEO relationship. Iecovich and Bar-Mor (2007) observed that the power of the CEO varies from organisation to organisation and that the following factors led to increased CEO dominance: older organisations; larger annual budgets; more employees; and more academically educated boards. CEOs were less dominant when boards had higher proportions of members who are over the age of 61 with less education (Iecovich & Bar-Mor, 2007). Interestingly, Iecovich and Bar-Mor (2007) found that the CEO was more powerful when the chair of the board has been involved with the organisation for a longer period of time but the CEO
was less powerful when a chair spent more time per month on his or her role, findings that were supported by Ostrower and Stone’s (2006) review of governance literature.

While CEOs feel that they have significant influence within the organisation, there is little evidence that the CEO feels the board should cede control; in fact, CEOs tend to support an influential board (Auld & Godbey, 1998; Shilbury, 2001). Despite the appearance at times of a CEO-dominated organisation, many boards feel that they still maintain a key leadership role within an organisation, despite control often being ceded to the executive (Shilbury, 2001).

Inglis (1994) recognised the difference in motivation for involvement with the organisation, a factor that will influence and impact the board-CEO relationship. She noted that paid staff tended to place much more emphasis on growth and recognition compared to the board as the staff member’s role represents more of a career rather than the “giving back” attitude more likely found in board members (Inglis, 1994).

In addition to the relationship between the full board and the CEO, particular attention can be paid to the relationship between the CEO and President, the two most important people in a nonprofit organisation, representing the leader of the staff and the leader of the board (Herman & Heimovics, 1990; Iecovich & Bar-Mor, 2007). Utilising this relationship, the CEO can encourage the board to be a productive, working board by helping create a better board environment through increased commitment and shared ownership (Herman & Heimovics, 1990). In addition to these two individuals, more effective organisations will see the inclusion of senior board members in this leadership group (Hoye & Cuskelley, 2003a) which parallels the concept of a dominant coalition of people who truly control an organisation, as recognised by Herman and Tulipana (1985).

Hoye and Cuskelley (2003a) recognised that effective boards have a more positive working relationship with their CEO than ineffective boards and they
argued that the discrepancy in relationship quality is centred on “the importance of establishing mutual trust between the executive and the board” (2003a, p. 65). Boards are more likely to have trust in a CEO if they are confident in his or her skills and abilities; this trust is demonstrated by allowing the CEO to run the organisation with a reasonable level of monitoring and by encouraging the CEO to provide an opinion that is honest and open to the board (Hoye & Cuskelley, 2003a). A CEO whose opinions, statements and proposals to the board are reasonably backed by evidence and are made in the best interests of the organisation will provide the board with added incentive (Hoye & Cuskelley, 2003a). This level of trust is echoed by Houle (1997) when noting that effective relationships are formed when both parties recognise the importance of the other being strong and capable. Not only does the Board-CEO relationship take time to build and develop (Houle, 1997) but the relationship will evolve over time as changes occur within the board and the organisation, as well as outside the organisation (Hoye & Cuskelley, 2003a).

Guidance by the board also works as a control mechanism on manager behaviour (Brown & Guo, 2010). Cornforth (2001) noted the fine balance that is required in the governance of nonprofit organisations. One main concern from management is that the board is too involved in the operations whereas another concern is that boards are not involved enough (Cornforth, 2001). This confusion can result from blurred lines of responsibility and tasks and will lead to disruption in a harmonious relationship (Iecovich & Bar-Mor, 2007). The board often finds itself attempting to find the balance between the supervision and scrutiny of management versus providing support and confidence in the CEO’s activities (Kiel & Nicholson, 2003).

Problems with a Board-CEO relationship can often be traced back to limited or poor communication. This can come in the form of differing perceptions of roles and job duties (Harris, 1993), information hoarding (Harris, 1993; Hoye & Cuskelley, 2003a), poor performance evaluation processes (Brown & Guo, 2010), and a lack of guidance or direction (Brown & Guo, 2010).
This section has shown the importance of the Board-CEO relationship. It is recognised that the Board-CEO relationship is dynamic and requires constant work and that a relationship built on mutual trust with open sharing of information contributes to more effective organisations. This role of executive management is a key role of the board and this role and others are discussed in the next section.

2.3 Roles of the Board
Miller-Millesen (2003) noted that significant research has been undertaken on what boards do, what boards should do and what tasks are the most important for boards. These questions have been the specific interest of studies within the sport literature (Inglis, 1997a, 1997b; Shilbury, 2001), as well as in the broader field of nonprofit studies (Brown & Guo, 2010; Carver, 2006; Houle, 1997). This section builds on the previous section by introducing perspectives on the roles of the board before discussing the key roles of strategic planning and CEO management within the greater framework of the board. The identification of these two roles in this section assists in the identification of research objectives related to strategic CEO succession.

There are two primary views to the roles of the board. One view, espoused most often in nonprofit prescriptive literature, suggests that boards should focus purely on policy and strategic thinking and should have little interaction with the operational side of the organisation (Australian Sports Commission, 2005; Carver, 2006; Houle, 1997). More empirically based research on boards has identified the value of a board that is both interdependent and independent of the operational side of the organisation (Hoye & Cuskelley, 2003a). This literature has recognised that a board cannot operate in a vacuum and requires information from management in order to make appropriate decisions.

Board actions tend to be either performance- or conformance-based. Performance-based roles tend to include setting and achieving organisational goals and outcomes, whereas conformance-based roles tend to centre more on
meeting the organisation’s responsibilities (Hoye & Cuskelley, 2007). While these dichotomous positions help in grouping board activities, at times they do not provide the flexibility required to accurately describe board actions. For instance, strategic planning is often referred to as a “performance” activity but this does not accurately reflect the actions undertaken in the case of a board that develops a strategic plan purely to meet a funding requirement with little thought to implementation. In this instance, it could be argued that strategic planning has become a conformance activity. Considering this, it is proposed that performance and conformance operate as either ends of a spectrum of board activity and the distribution of roles for each board will be slightly different (Shilbury, 2001).

Inglis (1997a) noted that the actions of sport boards can be divided into the four key roles of Mission, Planning, Executive Director, and Community Relations. Inglis (1997a) further asserted that each of these roles consisted of more specific roles that fit along the performance-conformance scale. Mission was viewed as the overall process and requirements of the board. Planning encompassed both strategic planning and financial considerations. The important roles of hiring and performance management of the CEO fell under the role of Executive Director. Finally, the Community Relations role included tasks such as fundraising, program development and advocacy. In rating the importance of these four roles the Executive Director role came out on top in Inglis’ (1997a) survey of board members, CEOs and presidents. This supports the other research on the impact professionalisation has had in the evolution of the role of the CEO. In fact, the CEO is so crucial that many respected authorities agree that the selection of the CEO is probably the single most important task of the board (Allison, 2002; Carver, 2006; Houle, 1997).

In a further study on board roles, this time within a nonprofit, as opposed to a sport context, Inglis, Alexander and Weaver (1999) noted that strategic activities emerged as the most important task for boards. This task focused on developing long-term plans, monitoring the CEO, setting policy, and was prioritised ahead of the operations and resource planning roles. The strategic
activities task identified in the 1999 (Inglis, et al.) study incorporated most of the key actions of the role of the Executive Director from the previous (Inglis, 1997a) study, highlighting the continued importance of the Board-CEO relationship as strategic activities and the Executive Director were both identified as the most important board roles in the 1999 and 1997 studies respectively.

With the board striving to become more strategic, the concept of board strategic capability has allowed for the recognition that in order to be strategic, boards must be capable of acting strategically. Ferkins and Shilbury (2012) identified the four main aspects of board strategic capability as a) capable people, b) established frame of reference, c) facilitative board processes, and d) facilitative relationships. The combination of skilled board members developing and operating within a clear boundary utilising stakeholders and processes was found to support the ability of the board to be more strategic.

Through this analysis of board roles, when combined with the impacts of professionalisation, it becomes evident that two key tasks of the board are executive management and strategic planning. While these two roles may at first appear to be very separate tasks, the role of strategic planning cannot operate independently of the executive management role. The increasing involvement of the CEO in the strategic planning process suggests that the strategic planning and executive management roles do not operate independently but, instead, interact with each other.

While the CEO will often work with the board to chart the future for the organisation, boards must also be aware of the capabilities and competencies of the current CEO when conducting strategic planning. That is, the CEO must fit the strategy, but the strategy must also fit the CEO. This dynamic is often referred to as strategic fit, a subset of a larger concept of fit.

2.4 Strategic Fit
Some authors define fit as the match between a CEO and the strategy of an organisation (Gupta, 1992; Hambrick, 1987; Hurd & Buschbom, 2010; Leontiades, 1982; Szilagyi & Schweiger, 1984; Wissema, et al., 1980), others look
for the CEO and organisation to fit each other (Boxall & Gilbert, 2007; Heimovics, Herman, & Coughlin, 1993; Souza & Zajas, 1995), still others are focused on ensuring a fit between a person and a position (Allgood & Farrell, 2003; Jovanovic, 1979a), and some even consider the organisation’s life cycle stage an important part of fit (Gerstein & Reisman, 1983). In some cases it is easier to understand fit by describing a lack of fit. For instance, it is possible that the CEO may be doing many “correct” things, but his or her activities do not work within the characteristics of the organisation (Allgood & Farrell, 2003). Supporters of fit go as far as to suggest that there “are no ‘good’ workers and ‘good’ employers, but only good matches” (Jovanovic, 1979b, p. 1248). With the understanding of the key board role being strategic activities, as established above, it stands to reason that boards should be most concerned with strategic fit.

Why is fit important? Fit allows for more effective organisations by aligning its resources (in this case, leadership staff) with its direction (strategic plan). If fit is achieved, the role of the board becomes simpler because the CEO is leading the organisation in a direction of which the board approves, meaning the conformance roles of executive management are easier and the board can increase its performance roles (Charan, 2005).

With a closer examination of fit, and in particular strategic fit, it becomes evident that there are three main parts to “fit”: strategic analysis; job requirements; and managerial characteristics. When all three of these aspects are aligned, fit is achieved. However, measuring each of these components is difficult and subjective. An analysis of the models of strategic fit reveals that there is no one definition of each concept. One model may use two forms of strategic analysis, such as organisational position and intended strategy, to create a descriptive outcome (Leontiades, 1982), whereas other models may use strategic position as one part of the model and complement the process with other critical factors, such as job requirements and managerial characteristics (Gupta, 1984; Szilagyi & Schweiger, 1984; Wissema, et al., 1980). In some cases, strategy, a notoriously difficult area to define, is evident in the model as a combination of market life cycle and competitive situation (Wissema, et al.,
1980), or as a managerial style compared to the level of organisational diversification (Leontiades, 1982). For Gupta (1984), the type of diversity within the firm is interpreted as strategy, whereas Szilagyi and Schweiger (1984) incorporate an organisation's actual strategic actions in their model. While all three aspects of fit are interrelated, a strategic analysis can often provide the background for designing job requirements.

Job requirements are variously described as: an underlying assumption made through descriptions of organisational strategies (Wissema, et al., 1980); a critical factor in the process of manager selection (Szilagyi & Schweiger, 1984); or the output factor of an analysis of strategic position and strategic decisions (Leontiades, 1982). While the usage of job requirements vary, they include expected positional roles, areas of work, a list of tasks and will represent the challenges and functions that a manager would be expected to provide an organisation during a particular strategic period. It is important to differentiate job requirements from managerial characteristics.

Managerial characteristics relate specifically to the individual qualities of the desired manager. These descriptions can be limited to personality skills (Wissema, et al., 1980) but are more likely to incorporate those personality skills with industry and organisational background and individual networks (Gupta, 1984; Szilagyi & Schweiger, 1984). Studies by Gupta (1984) and Szilagyi and Schweiger (1984) incorporated managerial characteristics into the selection process of a manager. Wissema et al. (1980) used managerial characteristics to describe the ideal skill sets of the six manager types while Leontiades (1982) placed the onus on the organisation to determine the managerial characteristics to match the job requirements detailed in his model. Generally, the models aim to match certain managerial characteristics with either strategy or job requirements. These descriptive elements were also considered when determining whether a manager fits with other organisational elements such as organisational culture (Szilagyi & Schweiger, 1984).
The interaction of these three elements can take a variety of forms, depending on the organisation’s situation. Within an organisation that is stable at the CEO position, the board must be aware of all three tasks when undertaking strategic planning activities. An effective board would understand that a strategic plan must incorporate the organisation’s position through strategic analysis, an understanding of how the plan can be implemented (job requirements), and the capability of the CEO to achieve the task (managerial characteristics). A board cannot simply act alone in developing strategy: it requires the involvement of the CEO as well (Cornforth, 2001; Ferkins, et al., 2009). While the CEO tends to acknowledge their influence in the area of strategic planning, they tend to support the involvement of the board in organisational planning (Auld & Godbey, 1998). Thus, the three elements each contribute in their own way to the creation of a plan. This would be the case for most organisations most of the time. However, what about organisations that are in the process of selecting a new CEO?

The selection of a new CEO provides an interesting twist on strategic fit. In this situation, there is no current fit and an opportunity exists for an organisation to seek out strategic fit. A board is no longer constrained by the managerial characteristics of its current CEO in developing a strategic plan. Above, it was noted that the three elements of strategic fit each contribute to the development of a strategic plan. In the case of a CEO succession event, these elements can take on a linear process: the board can conduct a strategic analysis and even develop a strategic plan before defining the job requirements of the next CEO. These job requirements then drive the creation of a set of managerial characteristics that provide the basis for the selection of the new CEO in the hope of achieving strategic fit.

A successful succession event will aim to obtain strategic fit, and the growing strategic environment of sport boards has placed additional emphasis on CEO succession as a strategic element, increasing the importance of strategic fit. Within this thesis, strategic fit is used as a measure of a successful CEO succession. It is acknowledged that strategic fit is not the sole measure of
“success” within succession as other outcomes such as achieving agreed upon key performance indicators (KPIs) or appeasing a disgruntled membership base may also be important. However, given the governance focus of this research, the usage of strategic fit as the primary measure of success in this thesis is congruent with the evolution of strategic sport governance.

While strategic fit may be the desired outcome of a change in CEO, it is not quite as simple as following the steps listed above. There are many other factors that can impact this quest for fit and a broader understanding of CEO succession must be developed. The next section provides a description of CEO succession.

2.5 Succession
Nonprofit executive transitions, referred to in the literature as CEO successions, are critical, difficult, and unavoidable (Adams, 1998). The following section provides a background to CEO succession, the board’s role in succession, the stages of succession, and a discussion of the contingency factors related to succession. CEO succession is a critical event for any organisation. This section provides insight into the phenomenon of succession and the role the board of directors plays in a CEO succession. Literature drawn on in this section spans both the profit and nonprofit sectors as comparisons tended to result in similar findings allowing the two streams to be intertwined. However, in areas where context is more important, identification of the relevant sector is included.

2.5.1 Uniqueness of CEO succession.
Job turnover occurs at all levels of organisations. The departure of a staff member usually leads to the search for a replacement or a reshuffling of job requirements. Often there are opportunities to promote staff from within the organisation into the new position. However, there are significant differences in the CEO labour market compared to the normal labour market; this is reflected in specialised research dedicated to CEO studies (Allgood & Farrell, 2003). The primary differentiating factor in the selection of the new CEO is the responsibility for selection. Whereas most, if not all, other staff decisions are made by the CEO
or other staff members, the board of directors is ultimately responsible for the selection of the new CEO and rarely has experience with this selection (Charan, 2005).

Another key difference in CEO succession is the shift in responsibilities a first time CEO faces as their role changes from specialisation in a specific area to responsibility for the whole organisation (Talbot, 1997). Boxall and Gilbert (2007) described this issue as the balance between technical depth and strategic breadth. Someone who was highly skilled in program delivery may not be as good with people; someone who succeeded in a supportive role may not have the skills to lead (Valentine, 1991). This is amplified when it is noted that most CEOs are hired without previous CEO experience. Studies of nonprofit leaders show that less than 40% of CEOs have been a CEO before (Bell, et al., 2006; Peters & Wolfred, 2001; Teegarden, 2004). This can make the selection process more difficult as it is hard to understand the context of previous work and how it translates into CEO success.

Other characteristics unique to CEO succession are derived from the position itself. One responsibility of the CEO is the ongoing success of a firm which would include preparing the organisation for his or her eventual departure as an expected part of the position (Sonnenfeld, 1986). Also, due to the centrality of the position, the work of the CEO cannot simply be soaked up by other staff members as can be done with more junior positions within the organisation (Britcher, 2009). Within a nonprofit and sport context, there is a possibility of board members being appointed into the role of CEO.

2.5.2 Performance effects of CEO succession.

Inevitably, all organisations employing a CEO will experience CEO succession due to a CEO’s retirement, dismissal, or, even, death. There is always some risk involved in the appointment of a new executive. First, there is the obvious risk of selecting the wrong candidate, but there is also the hidden risk of rejecting the best candidate (Robertson, 2008). This time of change, from one chief executive to another and the management of such change will have a
significant impact on the future of the organisation. Successfully managed, an organisation will experience minimal disruption and organisational uncertainty (Adams, 1998). Beatty and Zajac (1987) noted that a smooth, well-planned and orderly transition can help assure stakeholders that the organisation has regarded the succession in a strategic manner in order to increase the organisation’s effectiveness.

Early research into succession aimed at linking CEO succession with organisational performance; three theories of succession were developed. Kesner and Sebora (1994, p. 331) identified that the vicious circle theory “suggests frequent successions were disruptive to organizations and, therefore, resulted in lower firm performance”, leading to more succession events, whereas common sense theory “suggested that performance improved following succession... as decision-makers would choose someone with the expertise and experience to enhance firm performance”. Finally, the ritual scapegoating theory suggested that a change in leadership often had no direct impact on organisational performance and the replacement of the CEO was, at best, a sign that change was required (Gamson & Scotch, 1964). Issues with these theoretical links between organisational performance and CEO succession arise when considering the principles on which these theories were developed. As these theories are grounded in the idea that poor organisation performance was the primary cause of CEO departure they do not account for the variety of contingent factors that could lead to a CEO succession event within a SSO as a CEO’s departure is not always due to poor performance. Additionally, as a result of the complexity of CEO succession and the multitude of variables, a significant amount of studies supporting each of the three theories have emerged, with minimal movement towards consensus.

While knowledge of CEOs succession’s impact on organisational performance is unresolved, it has been clear that a poorly managed succession can lead to an increase in staff turnover, a decline in organisational effectiveness, confusion about the purpose and direction of the organisation, and, worst of all, the organisation may find itself going through the entire
succession process again just a short time later in an even more uncertain time (Sonnenfeld, 1986). As the responsible party for the succession event, a board must be active throughout the process, from the identification of possible internal successors, right through to supporting the new CEO in his or her position (Charan, 2005). Although it can be easy to blame the failure of a new CEO on the individual, it must be noted that a new CEO’s failure is also a failure of the board (Valentine, 1991). Part of the challenge of succession is that the process of hiring a new CEO is different to a normal employee selection process. There are more complex issues to take into account, and often boards lack experience, both as a whole and as individuals in the unique setting of CEO selection (Adams, 1998; Charan, 2005). Therefore, boards do not have a complete understanding of the range of issues that require decisions and of the specific needs of the organisation (Charan, 2005). In addition, “the selection of new executive team players involves a major investment of time, energy, and capital” (Souza & Zajas, 1995, p. 24) which can be difficult to find in a volunteer-based board. Succession is a challenge and may cause significant issues within a board through political manoeuvring and power plays within the board; this can lead to the disruption of a typically harmonious board that can go as far as the departure of some board members (Allison, 2002; Charan, 2005).

Allison (2002, p. 347) noted that many boards wanted to finish the CEO search as quickly as possible and viewed “the task as an unwelcome and troubling burden (rather than) the defining moment of their board terms” and they would much rather “get back to normal” (Allison, 2002, p. 349) as quickly as possible, failing to recognise that what is “normal” will have changed. Since boards typically treat succession as a time-critical event, proper succession preparation often becomes a lower priority due to the board’s requirements to other more time-urgent tasks such as fiduciary issues or conformance tasks (Charan, 2005).

Despite the challenges and difficulties involved with succession there are tools available to assist with CEO succession. One method of combating the struggles of succession is to incorporate succession preparation into board
meetings. Charan (2005) suggested that 15% of the board’s time should be dedicated to succession discussion and planning. This would help organisations adjust their viewpoint to view CEO succession as a natural event in the life of the organisation, rather than viewing it in terms of a crisis event (Allison, 2002).

This preparation time is not purely focused on the development of a succession plan, which is a systematic process that identifies, trains, and prepares employees to move into higher level positions (Hurd & Buschbom, 2010), but also reflects preparation for the entire succession process. A well-designed process will assist in guiding the organisation to a successful CEO succession (Allison, 2002). This process must cover the entire transition process that “occur[s] between the onset of the imbalance or stress and the time when some equilibrium or tranquil interval is reached” (Miller & Friesen, 1980, p. 271). This timeline will typically be broken down into three phases: Getting Ready; Recruitment and Selection; and Post-Selection (Allgood & Farrell, 2003). The Recruitment and Selection phase is typically given the most attention at the expense of the other two phases, but failure to properly address any one phase may result in a poor succession (Adams, 1998). The Getting Ready stage ensures the board will be actively seeking the correct person during the Recruitment and Selection phase; the aim at this phase is to find and select the correct person (Adams 1998). The Post-Selection phase helps the board to guide the organisation in integrating the new CEO along with acknowledging the contributions of and farewelling the previous CEO (Adams, 1998).

2.5.3 Getting ready phase.

The Getting Ready phase of succession is critical in setting the stage for the selection of the correct person to fill the role of CEO. During this period an organisation needs to conduct an analysis of three different areas including: the organisation as a whole; a self-reflection of the board; and a review of the CEO position itself.

An assessment of the organisation prior to CEO selection helps to create a smooth process (Allison, 2002). Boards need to examine their organisation's
status, goals, and relationships in order to recognise the leadership skills needed in a new CEO (Allison, 2002). It is important for the board to identify organisational issues and to determine how a new CEO could help address these concerns (Adams, 1998). Organisations “should be ready with a clear view of current and future needs” (Charan, 2005, p. 72). In order to hire an executive that shares the values of the organisation, the organisation must have a clear picture of the values that are important to them (Souza & Zajas, 1995). Albert (1993) noted that the organisation should review its strengths and weaknesses, long-term goals, both current and long-term critical issues, all within the context of the organisation’s environment; in this way the organisation will be suitably able to create a strategic plan for reference to during CEO succession. Although the main concern should be for the future of the organisation, it is important to look at the past performance of the organisation as well to provide guidance regarding important morals, values, and previous succession events (Gilmore, 1993). While it is clear that this organisational evaluation process and planning is important, Thibault, Slack, and Hinings (1993, p. 41) noted that “there is no one best way to strategize in sport organizations; the strategy developed should reflect the organizational situation”. The importance of context in nonprofit organisation and in strategic planning has continued to receive support (Grant, Butler, Hung, & Orr, 2011; Herman & Renz, 2008). This awareness of the organisation is one part of the Getting Ready process.

It is also important for a board to examine itself, in addition to examining the organisation. Gilmore (1993) recommended that the board examine its stability; if there are empty seats on the board it may be a good idea to wait until the new CEO has been selected in order to consult him or her on the capabilities desired in new board members. Also, the board needs to be aware of its involvement in the organisation. If a board knows itself to be a very hands-on operating style of board, it will be important to select a CEO who understands, and can work in, that environment. Alternatively, if a CEO is “dependent” on a board, a board that is distant and hands-off will make for a difficult relationship (Iecovich & Bar-Mor, 2007). In conducting this analysis of the organisation and
the board itself, parallels can be seen to the literature on strategic fit. This first stage of the succession process is closely related to the strategic analysis phase required in the search for fit.

Once the board has conducted a review of the status of the organisation and of the board, it will have developed the foundation for analysis of the CEO position and requirements. The board must seek, as individuals and as a collective, to fully understand the position of the CEO within their organisation (Charan, 2005). Only through thorough knowledge of the position, the organisation, and the operating environment will the board be able to achieve “fit” in the appointment of a new CEO (Charan, 2005). However, if the current Board-CEO relationship is poor it may cause difficulties in the board’s attempts to effectively negotiate the Getting Ready stage. If the board and the CEO are not communicating effectively, then the board’s quest to understand the current role of the CEO and the characteristics required for success becomes much more difficult.

It is critical for the board to look forward and focus on specific areas and skills desired in the new CEO (Charan, 2005). The strategic plan of the organisation will form the basis for setting the criteria in the selection of a new CEO (Robertson, 2008), recognising that an organisation needs to determine the desired characteristics of their new executive for not just the present, but for the future as well (Souza & Zajas, 1995). The outgoing CEO can be a useful source of information in providing guidance through accurate descriptions of their work and priority areas (Adams, 1998). Again, links between the Getting Ready phase and the concept of strategic fit are evident as the development of job requirements fits within both succession preparation and matching a manager to strategy.

With an understanding of the desired competencies, the board can review the job description to ensure it accurately depicts the requirements of the position (Hurd & Buschbom, 2010). This review of the job description should include the compensation package as well. The board should be aware that a
careful examination of what is required of the new executive may lead to significant changes in the package (Adams, 1998) and must be prepared to adjust accordingly. Finally, an overly specific compensation package may limit the selection of candidates (Adams, 1998). The job description and compensation package are an opportunity for the organisation to convince potential successors that the board is willing to support and invest in its CEO; an important factor when recruiting (Gilmore, 1993).

The Getting Ready phase can be time consuming, particularly if the organisation has not been participating in regular reviews and planning. In some cases, a CEO will provide adequate notice for the organisation to properly prepare and select a new CEO before the current one departs but often, this does not occur. Usually an organisation will appoint an interim leader to guide the organisation through this period. This leader may be a staff member, board member, or may come from outside the organisation and can allow the succession period to be used as a transitional year (Simon, 1997). Essentially, the organisation looks to bring in skilled interim leadership while the organisation reviews its goals and priorities before beginning the search for a more permanent replacement (Allison, 2002). Allison (2002) argued that interim leadership is important as it buys time for organisations to capitalise upon the opportunities available during succession. As the interim leader is designed to be a transitionary figure, allowing the organisation to move from one CEO to the next, Allison (2002) recommended against having the interim role filled by a prospective candidate for the permanent position.

Another key decision to be made during this phase is the decision regarding the group that will be responsible for the recruitment and selection process. While the ultimate approval must be given by the board before the selection of the CEO, boards, particularly large boards, can delegate some of the process to a subcommittee (Albert, 1993; Houle, 1997). Typically, this subcommittee will present a recommendation to the board who retain the final selection decision. This subcommittee may be made up of board members, staff, or other stakeholders and will vary depending on the organisation (Houle, 1997).
At the completion of this phase an organisation will have examined their strategic plan, evaluated their board, and developed a clear picture of their ideal CEO. Also, a search subcommittee will likely have been created and an interim CEO may have been established. This will have set the stage for the next phase, Recruitment and Selection.

2.5.4 Recruitment and selection phase.

The Recruitment and Selection phase is often the phase that most think of when hiring a new employee. Recruitment refers to the method of informing potential candidates about the position and soliciting applications and selection covers the process of screening, interviewing, evaluating, negotiating with candidates and making the hiring decision (Adams, 1998). This process can be difficult, especially since a board typically does not have much experience in the hiring process (Houle, 1997).

This lack of experience in recruitment and selection will often drive boards to use a recruitment firm. Recruiters play an important but potentially dangerous role in CEO succession. The use of an outside firm or consultant can assist in providing guidance throughout the entire transition process (Adams, 1998), but the board must use recruiters as a tool and not allow recruiting agents to direct the process. Instead the board must allow for the recruiter’s suggestions and support while leading the process themselves (Charan, 2005). Recruiters can be beneficial because they are experienced in succession and are connected throughout industry. As outsiders to the organisation they can challenge a board’s perspectives of both the organisation and its needs (Britcher, 2009). However, this can also mean that due to a lack of organisation-specific knowledge, recruiters are more likely to focus on personality and character rather than operational skills (Charan, 2005). Also, recruiters often have a fairly established list of contacts and will stick to those they know rather than searching outside their network (Albert, 1993).

Another decision to be made in the search for a successor is whether to go outside the organisation or hire someone internally. Typically, outsiders are
viewed as change agents and their selection is interpreted as a statement from the board that a strategic shift is required; on the other hand, the selection of insiders is interpreted as representing a continuation of the status quo as the board feels the organisation is achieving its goals and is happy with the strategic direction (Zajac & Westphal, 1996). Underneath this general, broad statement, there are notable other concerns regarding successor origin. Internal candidates may not receive as thorough a background check, resulting in problems later on (Charan, 2005), although it can be argued that a more accurate picture of the candidate is already known (Souza & Zajas, 1995). Recruiting internally can be beneficial as the employee is already aware of the culture in the organisation (Souza & Zajas, 1995), but this familiarity with the organisation and already established personal internal networks may lead to complications in attempts to make changes (Charan, 2005). Also, if a CEO is being replaced due to poor performance (personal or organisational), the organisation may struggle from the insider’s previous connection (Charan, 2005).

“An outside CEO can more effectively institute change, and firm performance will improve” (Allgood & Farrell, 2003, p. 323). However, external candidates represent a greater risk as the board will not know them as well as they do those within their organisation (Charan, 2005). A new leader brings new management styles and often new top level personnel as well (Charan, 2005). Also, CEOs from external sources are more likely to be asked or forced to step down or relieved of their duties, compared with internal successors (Charan, 2005).

In many organisations, even when insider candidates would be preferred, an organisation finds itself recruiting externally. This can be because some organisations lack the culture and process to develop internal CEO successors or because there is a lack of qualified internal candidates (Charan, 2005; Souza & Zajas, 1995). Nonprofits, especially, have seen a shift in attitude by the age group referred to as Generation X (born 1965-1980) as the tendency to develop skills in one agency and then move to another as a career progression becomes more common (Hurd & Buschbom, 2010), meaning a reliance on internal successors
becomes more difficult. Additionally, within some countries and organisations, it is expected that the position will accept applications from external candidates (Robertson, 2008).

Organisational size plays a factor in the origin of a successor. Executives coming from a large multi-layered company may struggle with the small staff of a small NSO (Fry, 2009) and alternatively, someone who has created and managed a successful start-up company may struggle with the bureaucracy of a big government-funded NSO (Fry, 2009). Robertson (2008) noted that 80% of CEOs were appointed internally in large private companies, whereas in smaller companies that number reduces to 50% and finally, outside the private sector less than 35% of successors are named from within the organisation. The oft-referenced search for Jack Welch’s replacement as CEO of General Electric provides an example of why smaller organisations may struggle in finding and developing internal successors. Only 20 possible successors were identified from an employee base of 225,000; it then took another seven years to narrow those 20 down to three (Charan, 2005).

Utilising only successor origin in measuring successor attributes fails to recognise a wide realm of differences between each individual, including factors such as demographic factors and functional backgrounds. A “change in functional background, age, or educational background ... can indicate change in ... attitudes on strategic issues (Zajac & Westphal, 1996, p. 66). Any attempts to use only demographic characteristics to explain change limits recognition of the impact of individual attitudes and behaviours (Zajac & Westphal, 1996).

It is important to recognise the impact that individual board members may have in the selection of a new CEO. Board members may have very single-minded views about what sort of person they want running the organisation, especially in male-dominated sports (Acosta & Carpenter, 2004), may have different perceptions of the qualities of a good CEO.

The actual process of Recruitment and Selection requires a significant amount of hard work and time. Some positions may receive an overwhelming
number of applications, each of which must be screened by comparing the applications to the criteria developed in the first phase. Should this process be insufficient, screening candidates against each other may assist in reducing numbers further. Further, a candidate questionnaire may provide additional insight regarding the personality and management style as well as reassure the candidate of the professionalism of the organisation (Albert, 1993). It may take several iterations and several different perspectives for the process to screen the applicants down to a group that can be interviewed.

Robertson (2008) identified four themes that the selection committee must seek out during the interview. By the end of an interview it should be clear: a) whether the position is in the candidate’s best interest; b) could the candidate fulfil the role as described; c) will the candidate be committed to the organisation; and d) is there a critical flaw that could undermine the other positive characteristics that the candidate offers.

In addition to interviewing, committees must conduct diligent research into the background of all candidates, both internal and external. Research must be undertaken into the performance and personal background of the candidates to ensure that a fit of both skills and personality will be achieved (Charan, 2005). This can be through the use of supplied references and other research activities (Albert, 1993). Once all information has been found, a decision on the best candidate for the position can be made, followed by an offer. Presuming the candidate accepts, the third phase of succession, the Post-Selection, begins.

2.5.5 Post-Selection phase.
It is important to reflect on the difference between the actual succession event itself and the transition of the organisation around the event. While the succession event itself may occur quickly and easily, the organisation will need much longer to fully adjust (Allison, 2002). Even if the board has accurately analysed the organisation’s situation and hired the appropriate successor, the next few months build the foundation for the Board-CEO relationship, and the board should not sit back after selection and feel the job is done (Adams, 1998).
Burke and McKeen (1994) contended that it can take up to two years for a CEO to complete the transition process. They argued that the first year consists of the new leader learning about the organisation; including both the obvious areas, such as the organisational structure and new vocabulary, as well as a more subtle understanding of the organisation as a whole (Burke & McKeen, 1994). This period forms the foundation for the changes to come. Early in the second year, the new CEO will make more radical changes, such as personnel and structure, necessary to focus and shape the organisation in the mould the CEO feels will be most effective. Towards the second half of the year, the final transition phase takes place as the changes implemented are consolidated and refined and the organisation was fully forward looking (Burke & McKeen, 1994).

With the potential vulnerabilities that accompany substantial change, it is important that the Post-Succession phase is effectively managed. The important first step to this is the establishment of a positive Board-CEO relationship. Through this relationship the board can provide guidelines and work with the CEO to develop a clear direction, along with establishing the parameters for change (Burke & McKeen, 1994).

Also important in the Post-Selection phase is the appropriate sending-off of the current CEO. In some cases, such as a dismissal for poor performance, very little extra is necessary. However, in the case of a retiring founder or a long-term CEO, an appropriate send-off can assist in providing closure to his or her time with the organisation and allow the organisation and its stakeholders to adjust to the new person in charge (Sonnenfeld, 1986). Additionally, many CEOs have become public figures; they have invested a significant amount of time and energy into the organisation and are reluctant to see their influence diminish (Sonnenfeld, 1986).

One of the last tasks before the board shifts from its CEO selection role to its CEO monitoring role is to meet and discuss the performance review process with the new CEO. It is best to do this right from the start in order to ensure a process is in place should any situations arise (Albert, 1993). A performance
review process is a key part of the Board-CEO relationship. The establishment and adherence to a formal review policy provides two key benefits to an organisation. Firstly, a review provides a CEO with feedback on his or her performance and can be used to encourage the CEO to both continue certain behaviours or actions, as well as to identify perceived areas for improvement (Burke, Weitzel, & Weir, 1978), and secondly, the use of a performance review system reinforces the board’s governing position and serves as a check on CEO power (Sapienza, et al., 2000). While performance review is acknowledged as important, MacLean (2009) identified that these reviews are not a priority in sport organisations.

When a CEO is in place and assessment criteria has been agreed upon, it is a board’s role to ensure the CEO is introduced properly to both the internal and external community as this is the beginning of many new relationships and there may be some “relationship smoothing” required in the instance of those who applied but were not selected for the role (Houle, 1997). Often this is a role for individual board members with the best personal relationship for each appropriate introduction (Albert, 1993).

If an organisation’s goal is merely to select a new CEO, the succession process can be relatively straightforward: simply send out a copy of the current CEO’s job description; interview the best candidates; and hire the applicant that seems the best. However, for organisations looking to use the strategic opportunities available during a CEO succession, the process requires hard work and will take some time. Some of this work can be done outside of an actual succession event. Preparation for succession requires many different board activities to ensure that the organisation is as ready as possible. Allison (2002) noted that an organisation that effectively prepares for CEO succession is more likely to emerge in a stronger position than a board that fails to prepare. In addition, ill-prepared organisations are more likely to have to repeat the process (Allison, 2002). A simple review of the Getting Ready phase of succession, as described above, showcases many activities that can be undertaken prior to the succession event, such as ongoing board evaluation.
The three stage succession process as described here is the reality for most nonprofit organisations as there are limited opportunities for promotion from within for reasons already discussed. However, despite its rarity, the process of succession planning does deserve attention; accordingly, the next section provides an overview of succession planning.

2.5.6 Succession planning.
Succession planning has become somewhat of a lost art as many organisations do not have succession plans in place, and of those that do, the plans are not considered adequate (Teegarden, 2004). Organisations known for good succession planning practices have indicated that it can easily take ten or more years to implement a complete and comprehensive succession plan (Charan, 2005). A typical succession plan will “(a) develop an understanding of current job demands, (b) assess job performance of employees, (c) build the talent pool within the agency, and (d) create a means to assess development opportunities” (Hurd & Buschbom, 2010, p. 97). Next, a short-list of candidates will be developed and, perhaps, a successor named in advance of the incumbent’s departure. This process requires commitment from both the organisation and possible successors and is usually found in large corporate organisations and is focused on developing internal successors. However, most organisations are not developing or discussing succession planning (Bell, et al., 2006; Teegarden, 2004). One study of over 1,900 executives found that only 29% had discussed succession planning with their board and less than half of the executives who planning to leave within a year had engaged in the conversation (Bell, et al., 2006). In another survey of over 2,200 organisations, more than half (56%) had no guidance whatsoever in place in the case of a planned or unplanned CEO departure (Teegarden, 2004). Given that both surveys showed at least two-thirds of executives planned to leave the organisation within five years, it is surprising that boards put little emphasis on preparation for this critical event.

The decreasing tenure and corresponding increased turnover rate of CEOs raises problems with succession planning as organisations are not provided with as much time to identify and train a replacement. These plans are difficult
for nonprofit organisations to develop as they are typically smaller, meaning there may not be a suitable successor within the organisation; a lack of resources makes it difficult to have a CEO-in-waiting (Robertson, 2008). Organisations in these situations may not have a robust succession plan, but that does not mean they cannot plan for succession. Additionally, Biggs (2004) noted that planning is often based on assumptions regarding both the external and internal environment and a change in these assumptions will require a change in the succession preparation. Also, the board will change and new members may steer the organisation in a different direction than had previously been envisioned, making long-term succession planning difficult (Biggs, 2004).

2.6 Synthesis and Implications
The CEO has become a central figure within sport organisations. He or she provides the board with information regarding the status of the organisation, assists the board in digesting that information to develop a strategic plan, and plays the lead role in implementing the strategic plan. The CEO is, however, just one person and at some stage will depart the organisation for one of many reasons including retirement, new opportunities, poor performance or other concerns. When this departure occurs, the organisation, and specifically the board, faces one of its most important tasks: the selection of a new CEO. Given the importance of this role, errors in selection—either selecting a poor candidate or not selecting the best candidate—can have long lasting effects and may put a significant strain on the organisation’s resources. On the other hand, choosing the right candidate, one who fits the organisation strategically, can push the organisation to new levels of success and growth. While many people and groups may be involved with the search for a new CEO, ultimately it is the board of director’s responsibility to manage and ratify the selection.

Typically, boards are ill-prepared for this task. While many well-developed prescriptive models exist that guide boards through the full selection process (Getting Ready, Recruitment and Selection, Post-Selection), many boards fail to see the strategic opportunity present in the situation, instead treating the process as a crisis and rushing to “solve” the problem the only way they know
how: by quickly selecting a new CEO. This focus on the Recruitment and Selection phase of the succession process ignores the importance of the Getting Ready phase and indicates that boards may not be addressing the issue of CEO succession outside of the succession event itself. Although it is rare, especially in most nonprofit organisations, to be able to implement a full and complete succession plan that nominates, inducts, and transitions an internal successor to the role, it does not mean that the board cannot be active in preparing the organisation for this inevitability.

While some research exists within the nonprofit literature regarding succession preparation, this has not been extended into the sport literature. This could be due to a variety of reasons. First, researchers are still examining the effects of the relatively recent professionalisation of sport and its effect on the organisation as a whole. Secondly, the over-reliance on quantitative studies of CEO succession have not resulted in a sufficiently broad understanding of the succession phenomenon, meaning that extension to a new context can be difficult. Finally, research into sport governance is still an emerging field, and while groundwork has been laid regarding the roles of the board and the Board-CEO relationship, an extensive research agenda still exists. With an understanding of these limitations and the discussion provided in this chapter and in Chapter One, it is clear that CEO succession is a growing issue for sport organisations and should be of concern to sport boards. This chapter has discussed key themes within the sport context, as well as the nonprofit context, and has identified a wide area of research opportunities. The following chapter develops a specific research inquiry and outlines a method for its achievement.
Chapter 3: Method

The previous chapter identified CEO succession as a current issue in sport organisations due to the impacts of professionalisation and the increasing influence of the CEO. The chapter arrived at this conclusion by examining the literature regarding sport governance and CEO succession and in particular the board’s role within succession. It was concluded that the board is ultimately responsible for the selection of a new CEO and that strategic opportunities are presented during a succession event.

This chapter begins by outlining the research inquiry before discussing the research method utilised for the examination of the research questions. Following a philosophical discussion of research and the role of the researcher, a detailed outline of the case study approach, case selection, and data collection is presented; data analysis ensues before the chapter closes with a discussion of ethical issues.

3.1 Research Inquiry

This thesis has, to this point, developed a foundation for inquiry into the phenomenon of CEO succession within the context of sport organisations. An initial examination into a new field of research can be daunting and overwhelming. Therefore, research specific to this new context will shed light on the area, in addition to mapping a path for future research.

An inquiry into the Australian sport system must be focused on one type of organisation. Attempting to include clubs, sport governing bodies, and competition organisations into one study would result in the identification of very few clear themes and a lack of useful comparisons, due to their differing aims, missions, and activities. A logical starting point for expanding the CEO succession literature into sport rests with State Sporting Organisations (SSOs). SSOs have traditionally been involved with program delivery through grassroots competitions, representative teams, and other programming. Therefore, the change in board roles from program delivery to strategic planning, as discussed in Chapter Two, provides an interesting context for the examination of CEO
succession. Within this context, this study has identified an overall research problem with three specific research questions. These are:

RP: How do State Sport Organisations experience CEO succession?
RQ1: How do boards manage the CEO succession process?
RQ2: How does organisational strategy impact the succession process?
RQ3: What are the facilitators and barriers to the achievement of a successful succession?

The remainder of the chapter outlines how the research problem and questions were investigated.

3.2 Research Paradigms

Further understanding of the research process has contributed to the awareness that a researcher cannot be completely separated from the process, particularly in the social sciences (Lincoln & Guba, 2000). The values and beliefs of the researcher, his or her world view, all influence the decisions that shape the research process (Denzin & Lincoln, 2003). Notably, the role of the researcher is characterised in the three principles of ontology, epistemology and methodology. Ontology refers to the way the researcher views the human being and reality. Epistemology notes the relationship between a researcher and what is known; methodology is focused on how knowledge is gained and what is truly known. An overall research paradigm can be identified by the combination of these principles. While many paradigms exist, this section outlines some of the key beliefs of those paradigms most often found in the social sciences: positivist; interpretive; critical theory; and realism. It further outlines the justification for the selection of realism and the exclusion of other approaches through an examination of the ontological, epistemological and methodological view of each paradigm.

The ontological orientation of the researcher impacts the research approach due to beliefs in how reality is constructed and the role of humans in developing this reality. A realist approach allows for the development of abstract
theories that provide insight into the world and argues that these theories are constructed by people as a whole (Sobh & Perry, 2006). A positivist paradigm has similar belief in an overarching theory, but does not allow for human construction of such a reality, instead arguing that a singular truth exists within the world and it is our role to seek out these laws and knowledge (Neuman, 2003). Contrary to that belief is that of an interpretive researcher who believes that humans construct their own social realities based on their interactions with others and no two people’s realities will be the same (Neuman, 2003). Finally, the critical theory paradigm describes a socially constructed reality that masks the real world from our understanding (Neuman, 2003). The realist paradigm provides a balance between the importance of human interaction in the creation of reality and the notion of some overall guiding theories of human behaviour. It uses perceptions of study participants as “a window on to a reality beyond those perceptions” (Healy & Perry, 2000, p. 120). This use of social construction leading towards a general understanding of a phenomenon recognises that not everything follows a cause-and-effect model, but, rather, the use of personal meanings and understanding can be utilised to gain insight into a world. This world has boundaries represented by those involved in creating the reality. These boundaries can be difficult to define but are reliant on the context from which they were developed.

As this research focuses on understanding a phenomenon (CEO succession) within a context (SSOs), there is a natural link to the ontological view of the realist paradigm. The aim is to explore the reality of sport governing bodies by understanding their perspectives and views. With this aim in mind, it is important to clarify how the researcher relates to the research area.

Once again, a realist perspective provides the appropriate balance between positivism and an interpretive or critical theory approach. The positivist approach describes the researcher as distant and objective from the subject matter. He or she seeks to discover the “truth” in an objective, value-free manner (Guba & Lincoln, 1994). Interpretive and critical theory researchers acknowledge an interdependent relationship between the researcher and the
research. They argue that since reality is defined by the interpretations and values of the subject, the researcher must be connected to this viewpoint and seek to describe their experiences and actions (Neuman, 2003). This results in much more subjective work. Realism strikes a balance by acknowledging that a researcher must seek to understand the perspectives of the participant and seek to combine the perspectives of several participants to develop a viewpoint into the reality. Therefore, “realism is neither value-laden nor value-free, rather, realism researchers are value-aware” (Healy & Perry, 2000, p. 123). This epistemological approach is evident in this research through the use of a variety of people within a variety of sport organisations to seek understanding regarding the succession event.

The third principle with regards to an overall paradigm is that of methodology, or how a researcher gains knowledge. An interpretive researcher will look to gain knowledge through an in-depth understanding of the research participants (Neuman, 2003). This may come through observations and interviews and typically require the researcher to develop a significant relationship with the participant. In contrast, a positivist approach to gaining information relies heavily on numbers, experiments, surveys, and other objective data (Krauss, 2005). The use of historical data and long-term studies is prevalent in critical theory research as an understanding of the created reality must be developed in order to understand the underlying structures (Neuman, 2003). A realist approach is often able to combine a variety of these methods in order to gain insight into reality from a wide range of viewpoints.

A positivist approach for this study was rejected as being unable to capture the complex nature and relationships of the sporting organisations involved. Positivist research tends to utilise a deductive approach on empirical evidence to discover causal relationships that enable the predication of human behaviour in an organised and logical approach that others can replicate (Neuman, 2003). Given the lack of research into the phenomenon in question, a purely deductive approach may not provide the understanding sought. Additionally, the complexity of the research question does not easily lend itself
to the quantification required in a positivist approach. Elements of the interpretive approach may be found in this research, such as the use of human perspective in the creation of reality. However, the interpretive approach does not provide the means for the creation of theory. As this study seeks to build on existing sport governance research through the explanation of CEO succession in state sporting organisations, the research approach should provide the researcher with the ability to advance theory based on the context of these sport organisations. Finally, critical theory's emphasis on a masked reality does not fit with the research question.

3.3 Realism

A realist approach to research focuses on examining the underlying structures of an external reality through the perceptions of individuals. The construct of CEO succession was the central concept under examination, with CEOs and board members providing the window into the phenomenon.

Realist research recognises that the researcher should make use of the work of others in the quest for increased knowledge. Where grounded theory research will aim to develop new theory without significant prior guidance, realism research will use previous works to assist in providing a rudimentary conceptual framework regarding the underlying structures of the research area (Healy & Perry, 2000; Suddaby, 2006). This awareness of prior theory also assists in ensuring that data collection is more effective and efficient.

Triangulation in qualitative research is not seen as a method to verify findings, as it is in quantitative research, but rather is seen as a way to ensure a more complete, deeper description, and analysis of the phenomenon (Denzin & Lincoln, 2003). Specifically with realism research, triangulation emphasises the use of multiple perspectives of a single reality (Sobh & Perry, 2006). These perspectives will help highlight the complex nature of the context of the study. Described later in the chapter, the use of varied perceptions allowed the researcher to examine the phenomenon from a variety of viewpoints that can allow for increased clarity. In this study, the use of multiple cases and different
viewpoints within each case revealed the nature of CEO succession in sport organisations. The analysis and comparison of different cases highlighted similar themes and challenges present for each organisation and illustrated factors that led to differences between organisations. The use of different viewpoints within each case provided two clear benefits for analysis. Firstly, multiple perspectives provided insight into the succession event within each organisation. Secondly, the experience of the different roles, board members, presidents and CEOs, could be compared across cases which provided an added dimension of depth. The use of a variety of collection techniques, different sources, and alternate perspectives all contributed to a more rigorous, comprehensive, and rich description of a source of inquiry (Denzin & Lincoln, 2003).

The term replication has a wide variety of meanings in research and its use will vary depending on the chosen paradigm. Replication is represented in the positivist paradigm as providing validity to the research findings by ensuring the results will be the same should the study be repeated (Hubbard & Armstrong, 1994). Within a realism paradigm, replication refers to case selection and the prediction of results. Through careful choices of cases a researcher can achieve literal replication (predictable similar results) or theoretical replication (predictable contrasting results) (Yin, 2003). In order to achieve literal replication the researcher selects cases that can be expected to provide similar results based on the use of prior theory and clearly defined contexts, whereas theoretical replication uses prior theory to identify cases that will provide contrasting results (Yin, 2003). Later in this chapter a more thorough discussion regarding the case selection process is provided.

3.4 Qualitative Research
A realism paradigm can seek out information in a variety of ways. Typically, the two broad methods of research inquiry consist of qualitative research and quantitative research, with qualitative research providing a contrast to the more traditional field of quantitative research. Whereas quantitative research focuses on testing theories and discovering general laws, qualitative research is a way to achieve greater depth and understanding of social phenomena (Das, 1983). The
use of qualitative techniques accounts for context, incorporates meaning and purpose, and allows for theory to be drawn out of the data (Guba & Lincoln, 1994). Additionally, the theories developed will have relevance to those being studied and, while not as generalisable as quantitative research, will provide better insight into unique individual cases (Guba & Lincoln, 1994). Qualitative research recognises the role of the researcher and understands that even “facts” are constructed according to the researcher’s viewpoint and may only exist within a certain theoretical perspective (Guba & Lincoln, 1994). These basic underpinnings of qualitative research are not restricted to one field of study, one series of techniques, or one paradigm (Denzin & Lincoln, 2003).

The value of qualitative research has been increasingly recognised for its ability to provide greater insight into complex situations. Qualitative research can better receive unexpected feedback and incorporate important points not originally considered by the researcher (Murphy, 1995). It is as a result of this flexibility that previous comprehensive reviews of the CEO succession literature have identified qualitative research as an important approach for future succession research (Giambatista, et al., 2005; Kesner & Sebora, 1994). It is argued that the reliance on quantitative analysis within succession research, and especially that of historical data, fails to capture the phenomenon adequately. In addition to the call for more qualitative research in this study’s area, the quest for deeper understanding found in the research question, and the use of human perspective called for by the realism paradigm justify the use of a qualitative inquiry. A qualitative approach can take many forms and the following section provides additional detail regarding the research approach.

3.5 Research Approach

Creswell (1998) describes five different approaches to conducting qualitative research: biographical; phenomenological; grounded theory; ethnographic; and a case study approach. A first review of the research inquiry would indicate the use of either a grounded theory approach or a case study approach would be appropriate. One key point of difference in selecting between the two is the presence of relevant theory. Given the presence of theory in the relevant areas
of succession planning (Biggs, 2004; Garman & Glawe, 2004), non-profit CEO succession (Santora & Sarros, 2001), the role of the board in succession (Inglis, 1997a, 1997b; Shilbury, 2001), strategic governance (Ferkins & Shilbury, 2012; Ferkins, et al., 2005; Ferkins, et al., 2009) and strategic fit (Gupta, 1984, 1992; Leontiades, 1982; Szilagyi & Schweiger, 1984; Wisessa, et al., 1980), it is prudent to look to build on these established concepts in a new context through a case study approach, rather than look to develop new concepts through grounded theory. Inglis (1997a) also provides support for the selection of a case study approach by noting that without building on previous research and testing the theories of the extensive prescriptive literature, the literature does little to actually help nonprofit management. Additionally, the realism paradigm is well aligned with a case study approach as case studies allow for inductive theory building through the use of individual perceptions into an external reality (Perry, 1998a). Thus, the existence of prior theory and the use of the realism paradigm provide sound justification for the selection of a case study approach.

### 3.5.1 Case studies.

Case studies are used to provide insight and develop understanding regarding a phenomenon within a bounded and real-life context (Yin, 2003). Yin (2003) suggests that in order for a case study approach to be appropriate, the research inquiry must be looking to examine a phenomenon with minimal control in a contemporary environment that is accessible to the researcher. Additionally, case studies are effective in studies that stress the importance of context as both context and the phenomenon are critically interdependent and mutually influential (Yin, 2003). Furthermore, when conducting a case study, it must be clear whether the focus of the research is on the case itself—and is thus an intrinsic case study, selected due to unique factors regarding this particular case—or if the research focus is on a research issue and is using the case as a method of illustrating the issue, and is therefore an instrumental case study (Creswell, 1998). This research followed an instrumental approach by utilising cases (the method) to examine CEO succession (the issue).
Stake (1995) noted that a case is a bounded system and that it is clear what is part of the case and what is not. A case can be viewed as an object rather than as a process (Stake, 1995) and typically has working parts that contribute to a self (Stake, 2000). A case study approach is not limited to a single case and, in fact, a multiple case approach is often preferred as, especially within organisational research, it is unlikely that a single case will be typical of all organisations due to the unique environment in which each case operates. Still, when a study includes multiple cases, each case must be individually identifiable and researchable. The use of a multiple case design is considered to produce more compelling and significant evidence than is possible in single case studies; the ability to conduct cross-case analysis is an added benefit (Yin, 2003). As realism is the exploration of the structure of an external reality through several perspectives, the use of multiple case studies in this research is justified.

When selecting cases for a research inquiry, the method of selection must be well justified. The random sampling selection method often found in quantitative research is not appropriate within a qualitative case study approach as the key goal of the research is not to achieve equal representation and generalisable results. Yin (2003) advised the researcher to treat multiple cases as a series of experiments rather than multiple survey respondents. A theoretical (or purposeful) sampling method is recognised as preferable to a random sampling method within multiple case studies as it increases the ability to represent supportive or differing perspectives on the issue (Creswell, 1998; Eisenhardt, 1989). The selection of each case should be based on the case’s expected similarity to other cases (literal replication) or for its expected differences (theoretical replication) (Yin, 2003). The understanding of prior theory forms the basis for case selection and is critical within replication choices (Yin, 2003). The case selection process, described in the next section, outlines the literal replication method used in this study.

Guidelines regarding the number of cases to include within a research study typically provide little in the way of precision, preferring the suggestion that cases should be repeated until a theoretical saturation point is achieved
(Perry, 1998). However, the researcher must also be aware of restrictive time, project costs, quality of information, and accessibility concerns. Within the parameters of a Master’s thesis, three cases gave sufficient findings related to the empirical and theoretical questions asked in the research. Upon completion of the first three cases it was recognised that similar themes were emerging. While it is unlikely a theoretical saturation point was reached, the inclusion of a fourth case seemed unnecessary.

### 3.5.2 Case selection.

The research question introduced the scope of the inquiry as SSOs, acknowledged as being a part of the overall governing structure for a single sport in Australia. As government policy, legal requirements, and other external factors for SSOs vary from state to state (Hoye & Cuskelley, 2007), this research focuses on Victorian SSOs. With 75 recognised SSOs primarily located in Melbourne and the presence of VicSport, an organisation linking the sport community, cases selected from the state of Victoria provided an approach that allowed for cross-case analysis. This restriction assists in reducing discrepancies in the cases’ organisational environment. However, 75 organisations are a significant number with which to grapple, and further restrictions to the sample size were required. As the primary research issue relates to the board’s behaviour during a CEO succession, only organisations that had undergone a CEO succession event within the past two years and currently had a CEO in place were included in the study. Next, a constraint was placed on the size of organisations in order to allow for cross-case comparison of organisations. Using the number of employees as a measure, organisations with the equivalent of six to twenty staff were included in the sample. These boundaries were developed based on large surveys of nonprofit organisations and represent a majority of the SSOs with CEOs in place (Bell, et al., 2006; Teegarden, 2004).

Web-based research using the criteria described above provided a list of six matching organisations. This research utilised the organisation’s website, media stories related to the organisation, reviews of annual reports, and other documents until as much information as possible regarding the date of a CEO
appointment and the number of staff could be ascertained. While research was undertaken into each membership organisation listed on the VicSport website, detailed information was not available for all organisations and the status of some organisations may have changed during the research process. The identification of six organisations matching the size and succession criteria provided a strong foundation for this research project. Table 3.1 provides a brief outline of each organisation based on the selection criteria discussed. Each case was assigned an identifier of SSO1, SSO2, SSO3, etc. allowing for anonymity in the discussion of results in this thesis and future presentation of results.

Table 3.1: Organisations Matching Case Selection Criteria

<table>
<thead>
<tr>
<th>Case Identifier</th>
<th>Staff Size</th>
<th>CEO Hire</th>
<th>CEO Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSO1</td>
<td>9</td>
<td>Jan-10</td>
<td>Manager - Elite Athlete Development Program</td>
</tr>
<tr>
<td>SSO2</td>
<td>11</td>
<td>Mar-10</td>
<td>Executive Director - similar organisation overseas</td>
</tr>
<tr>
<td>SSO3</td>
<td>11</td>
<td>Jan-11</td>
<td>General Manager - Related state community organisation</td>
</tr>
<tr>
<td>SSO4</td>
<td>11</td>
<td>Apr-10</td>
<td>Internal promotion</td>
</tr>
<tr>
<td>SSO5</td>
<td>11</td>
<td>May-10</td>
<td>Operations Manager - Related national body</td>
</tr>
<tr>
<td>SSO6</td>
<td>11</td>
<td>Early 2010</td>
<td>Regional Development Manager - High profile international sport organisation</td>
</tr>
</tbody>
</table>

Each organisation was examined further for suitability prior to being approached for participation in the study. Through this process it was identified that SSO6 operated in a notably different environment to the other cases due to the existence of a substantial national professional league and due to its partnerships with a professional club. The remaining five cases were similar enough to allow for cross-case analysis and were selected as possible study participants.

3.5.3 Case procedures.

The following section describes the research process and identifies each stage of interaction with each case. Following the list, details regarding the procedures for each stage are presented.

Stage 1- Organisation Contact
Stage 2- Document Gathering
Stage 3- In-depth Interviews

Stage 4- Case Analysis

Initially, an introduction letter was sent via email to the CEOs of SSO1, SSO2, SSO4, and SSO5 and, if required, a follow up phone call was made to outline the purpose of the research and to request an introductory meeting. SSO3 was contacted later in the process as the new CEO had been in the role for less one month at the time of contact with the previously mentioned organisations. Of the five contacted organisations, four responded and were interested in the study. SSO5 did not respond to multiple emails or phone calls and was subsequently self-excluded at that stage. Introductory meetings provided an opportunity to explain the project in further depth and allowed CEOs the opportunity to ask questions of the researcher. It also provided an opportunity for the researcher to examine the suitability of each organisation for further research. Following these introductory conversations, all four organisations were keen to participate. However, at the researcher’s discretion, SSO4 was excluded from the project as the CEO was appointed on an interim basis with a permanent CEO succession scheduled to occur within six months. Thus, three organisations, SSO1, SSO2, and SSO3 participated in the research.

Within case study research there are multiple methods of collecting data such as “documentations, archival records, interviews, direct observations, participant observation, and physical artefacts” (Yin, 2003, p. 85). It is important to identify what data are required and determine the appropriate method of collection. Additionally, the use of different sources can assist with triangulation and create a better image of the phenomenon in question (Yin, 2003).

In the case of this research, the key points of interest for data collection included the board’s activities during the succession process, facilitators and barriers encountered during the succession process, and the role of strategy during planning and selection activities. As all organisations had recently undergone a succession, observation techniques were irrelevant as the event has already occurred. Therefore, the primary method of collection was in-depth
interviews, supported by document analysis. In preparation for each case, documents relating to the organisation were analysed in order to increase the researcher’s familiarity with the organisation and its background. These documents included annual reports, strategic plans, job descriptions, board minutes, and other documents either provided to the researcher by the organisation or sourced online. The pre-interview document analysis provided the researcher with adequate case context and allowed for the researcher to approach each interview with contextual awareness. After the interviews, the documents were revisited as a method of further supporting the opinions of the interview subject, as well as identifying any conflict between published information and the interview subject’s experience. The document analysis assisted in answering the research inquiry, but the use of in-depth interviews proved to provide the most insight into the succession events.

3.6 Interviews
The primary method of data collection was through in-depth interviews. In-depth interviews allow the respondent to “talk freely and to express his or her ideas on the subject matter under discussion” (Das, 1983, p. 308). This freedom, under the condition of anonymity, provided the most complete data for analysis. Within each organisation, interviews were conducted first with the current President of the board, then the new CEO, and, finally, a member of the search subcommittee formed to undertake recruitment and selection. In all three organisations, this subcommittee member was also a member of the board. These three members of the organisation were chosen due to their ability to provide a variety of perspectives on the research issue. The CEOs commented on the succession process as they experienced it, their fit within the organisation and, in addition, they provided insight into what board actions assisted in assuring the CEO that this was the right position, relative to their stage of career. The perspective of the President and subcommittee members showcased the internal actions of the board. Specifically, board members described the approach of the board to the succession. The first interview was with the board President as it was expected that the President would be the primary figure in
the selection process and most likely in the best position to provide the researcher with the overall perspective of the board and the organisation as all three Presidents had multiple years of board experience with their respective organisation. The second interview was with the CEO and focused on the CEO’s experience during the succession process and their perception of the board’s activities. Finally, the interview with the subcommittee member sought to explore and verify the perceptions of the first two interviews. While there were differing perspectives of the succession event from each of the members, there was not a need in any case to extend data collection to a fourth interview. This would have been done if there had been notable dissenting recollections of the process itself. Minor differences in reflections on the process were encountered and those differences provided the insight into the research area.

The recursive approach of interviewing was utilised in order to allow the interview subject ample opportunity to provide his or her unique opinions on the research area in a natural conversational way (Minichello, Aroini, Timewell, & Alexander, 1995). While the recursive style encourages an open free-flowing conversation to take place and themes relevant to the interview subject to emerge, the existence of previous literature was used to create an interview guide. The use of an interview guide is not designed to act as a schedule of questions, but more as a reminder for the researcher to seek the respondent’s input regarding the research issues, including those identified in the literature (Minichello, et al., 1995). Separate interview guides were created for the interviews with CEOs (Appendix A) and board members (Appendix B). These interview guides were structured under broad themes of inquiry, outlined in Table 3.2, driven mostly by previous literature with some organisation-specific information added as well.

Interviews were scheduled to maximise the respondent’s convenience. The interviews were conducted primarily in the office of the interviewee with two exceptions which included one interview in a quiet cafe and one interview held in a meeting room at Deakin University. Interviews varied in length with an
average length of one hour and seven minutes; the longest interview took one hour and seventeen minutes and the shortest fifty-seven minutes.

Table 3.2: Broad Themes of Interview Guide

<table>
<thead>
<tr>
<th>Board Member Interview</th>
<th>CEO Interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Background of the organisation</td>
<td>A. Personal background</td>
</tr>
<tr>
<td>B. Background to the succession</td>
<td>B. The hiring process</td>
</tr>
<tr>
<td>C. Search process</td>
<td>C. Describe the organisation</td>
</tr>
<tr>
<td>D. Describe current CEO</td>
<td>D. Strategy and the organisation</td>
</tr>
<tr>
<td>E. Selection process</td>
<td>E. Transition process</td>
</tr>
<tr>
<td>F. Pre-search preparation</td>
<td>F. Relationship with the board</td>
</tr>
<tr>
<td>G. Transition process</td>
<td>G. Personal ambitions</td>
</tr>
<tr>
<td>H. New board-CEO relationship</td>
<td></td>
</tr>
<tr>
<td>I. Effects of succession</td>
<td></td>
</tr>
</tbody>
</table>

Data collection was conducted concurrently with SSO1 and SSO2, with collection for SSO3 occurring after interviews with the first two organisations were complete. This allowed the researcher time to reflect on the initial findings from the first two organisations and to make minor adjustments to the interview guide highlighting early findings. A few minor questions were added to Section G (Board Member) and Section E (CEO) and less emphasis was placed on Section A in both interviews reflecting early finding and emergent themes. All interviews were digitally recorded and transcribed verbatim. Transcriptions were verified by the researcher for accuracy. Additionally, notes and other memos developed during the interview were digitised and utilised in data analysis.

3.7 Data Analysis

The existing literature on CEO succession in non-sport organisations allowed for this study to utilise both an inductive, theory building approach and a theory testing, deductive model. The inductive approach proved more relevant to the sport governance area whereas the deductive model of research assisted in the understanding of the CEO succession construct.

Within a qualitative realist approach, the goal of inductive theory development is appropriate (Perry, 1998a). The inductive aspect of this research dictated that the analysis of data occur concurrently with collection. The fluid nature of this research method allowed for each interview and each case to help
identify and define the questions and research areas to be included in the following interview or case. After each interview, a review of the relationship between data collected, prior theory, and the research question assisted in the identification of emerging themes for future interviews. The constant repetition of this process facilitated the development of themes and issues rather than restricting the research to only issues identified through the literature.

The use of a qualitative approach can result in the collection of an overwhelming data set. The sheer mass of interview transcripts, researcher notes, and collected documents requires a data reduction process or analytic strategy in order to produce data that is relevant and simplified (Yin, 2003). Once the data has been reduced, a better picture of the relationships and themes evident in the data set can be described. Coding, or the grouping of data into similar categories, is one such method of data reduction and analysis (Smith & Stewart, 2001). The completion of a coding process results in the identification of key themes and conclusions. While case study research often utilises a three step coding process (open, axial and selective), the existence of prior theory and working within a realism paradigm allowed for a focus on the last two coding stages (Sobh & Perry, 2006). Instead of the creation of wide emergent themes suggested by the open coding stage, the broad themes identified through the literature in Chapter Two acted as the open coding phase and collected data were coded into these themes (Sobh & Perry, 2006). The interviews were further coded into more specific codes from the broad themes identified by the literature. This coding structure is included in Appendix C.

From here, a line-by-line analysis of each of the broad themes was conducted to identify deeper themes, underlying issues, and other points of interest. This follows the axial process of coding to find key concepts within initial themes (Smith & Stewart, 2001). Finally, these concepts and themes were further refined through the selective coding phase to generate clear detailed discussion points and conclusions.
In order to assist with the coding process, the NVivo software program was used. The NVivo program is a data management system that provides for increased organisation and management of data rather than a manual or paper-based system; in addition the program facilitates faster retrieval of data. The primary use of NVivo was its ability to assign text to nodes (referred to here as codes); more advanced functions such as queries were not utilised.

Collected data was first analysed within-case prior to cross-case analysis. This allowed for a contextual understanding of each case through a complete understanding of the strategic position of the organisation, the process of succession, and the characteristics of those involved in the succession. Clear understanding of each case is required before seeking to search for connecting patterns and evidence across the cases (Eisenhardt, 1989). The within-case analysis of each case, summarised at the start of Chapter Four, built the foundation for interpreting the results of the cross-case analysis.

Following an instrumental approach, the cross-case analysis focused on the examination of different aspects of the succession events as experienced by each case. Each code was analysed using information from each case with the aim to identify case similarities and differences. These similarities and differences, viewed with an understanding of case context, guided the development of explanations for the actions taken during CEO succession. Reflecting the realist approach, the key research findings were discovered through comparison and contrast of the various organisations. The use of multiple cases provided the insight into CEO succession discussed in Chapter Four.

3.8 Ethical Considerations

The research did not identify any significant ethical issues. The project received formal approval from Deakin University after following the appropriate processes. Measures have been taken to ensure the anonymity and confidentiality of all individuals and organisations participating in the study. Prior to any research taking place within an organisation, individuals were provided
with a plain language statement (PLS) outlining the purpose of the research and requirements for participation. This PLS also provided contact information should the respondents have further concerns or wish to withdraw at any stage. After reading the PLS, organisations and individual participants signed a consent form indicating their expressed and informed consent for participation in the research project.

3.9 Summary
This chapter began by outlining a research question related to the issue of CEO succession in sport organisations. From here the research paradigm of realism was discussed and a justification for the use of a qualitative approach presented. The processes involved in a case study approach were discussed in general before being applied to this research inquiry. Further details regarding the methods of data collection were outlined and a procedure for analysis of the data described. Finally, the ethical considerations of the research were noted.
Chapter 4: Results and Discussion

This chapter presents the results of the study and discusses the research questions. In this chapter the background of each case is presented using a summary of fundamental information regarding the succession event, the governance of the organisation, and the strategic plan in order to create understanding of the environment for each case. These three cases are then compared and contrasted, highlighting the similarities and the differences. From here, a cross-case analysis process is used to provide insight into the achievement of strategic fit and the utilisation of strategy in the succession process. The results are presented first before a comprehensive discussion collates all the issues found throughout the chapter.

4.1 Establishing Case Context

As stated in Chapter Three, three case organisations participated in this study. These three organisations were all medium sized SSOs that had recently undergone a CEO succession.

The primary ethical issue with this research relates to confidentiality and anonymity of those organisations involved in the research. Therefore, the information presented below has been structured to maximise the context required for the understanding of the organisations without providing key information that might lead to identification.

Three cases were used as the basis for this research. A summary of each case is presented in Table 4.1. Following Table 4.1, an in-depth discussion of each case occurs, presenting a brief overview of the organisation, a brief overview of the process to select the new CEO, information regarding the background of the new CEO, a description of the previous CEO, the organisation’s governance, the strategic plan, and key issues facing the organisation.
Table 4.1: Case Profiles – Research Participants

<table>
<thead>
<tr>
<th>SSO</th>
<th>Location</th>
<th>Staff</th>
<th>Members</th>
<th>Revenue</th>
<th>CEO Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Melbourne</td>
<td>9</td>
<td>7500</td>
<td>$1.3m</td>
<td>Manager - Elite Athlete Development Program</td>
</tr>
<tr>
<td>2</td>
<td>Melbourne</td>
<td>11</td>
<td>7000</td>
<td>$1.1m</td>
<td>Executive Director - similar organisation overseas</td>
</tr>
<tr>
<td>3</td>
<td>Melbourne</td>
<td>11</td>
<td>12,000</td>
<td>$1.5m</td>
<td>General Manager - Related community organisation</td>
</tr>
</tbody>
</table>

While the type of sport varied, individual sport in the case of SSO2 and SSO3 and team sport in SSO1, participants in SSO2 and SSO3 tend to be affiliated with clubs meaning the all three SSOs primarily manage a club based competition.

4.1.1 SSO1.

SSO1 oversees a team-based club competition with approximately 7500 members and $1.3 million in annual revenue.

The process used for the selection of the new CEO followed a standard formula. An online advertisement was placed and candidates were invited to apply. A short-list from approximately 30 genuine applications was developed and six candidates were interviewed. From here the three person search sub-committee selected the current CEO and made an offer. However, although the initial position had been advertised as a Chief Executive Officer, the position offered was that of General Manager. While structurally, this made very little difference, the purpose of the title of the position was to reflect more accurately the more operational role that the new CEO would be expected to take.

The new CEO’s most recent position had been unrelated to the new sport, but he has a background within the sport that includes participation as a youth, leadership roles within a club, and he had once had a traineeship with the participating organisation. He has been away from the organisation for some time and has since had a variety of leadership and management roles with other sporting organisations. Having managed a variety of different programs, the new
CEO came to the role with a hands-on operational approach, something that both the previous CEO and the new board had been lacking.

The previous CEO came from a noteworthy sport administration background including a variety of leadership and management roles with major sport organisations, but had little experience with this specific sport. Both board members interviewed observed that the lack of a sport-specific background and the more spokesmen like approach of this CEO meant he was relatively ineffective in the role. Working without sport-specific knowledge, for what was an operationally focused board, meant that decision making was a struggle for him. In the end, when the time came for him to move on, the current President believed that was a good thing for the organisation. He moved onto another sport organisation that has strong linkages with SSO1. The outgoing CEO played little role in the succession process.

SSO1 is a fairly new organisation created following the amalgamation of two separate organisations that had previously run their own separate competitions. The new six person board is made up of completely independent members representing a whole new structure. This change, driven by both the state government and the national governing body, ensured that “all of the directors were independent of clubs in Victoria and were basically selected on the basis of skills” (President, SSO1). Board members are appointed to terms of office that are timed to ensure that not all board memberships expire at the same time. The President, while acknowledging that the board is more externally oriented, has reservations about the practicality of an independent board, especially with regards to decision making. The President of SSO1 stated that:

a lot of the information that leads a board to make [a] decision,
the information is its knowledge of the environment it works in
and its history. So unless you know the environment, its works
and history you actually can’t form the decision even though
it’s an externally focused outward looking decision. (President,
SSO1)
The board now “largely aren’t [sport-specific] people, they’re accountants and governance [experts] and other areas of focus” (President, SSO1). Although the President, who has a long history of involvement with the sport, describes the board as being “much more focused on its external environment and looking outwards, rather than the internal environment” (President, SSO1), another board member, new to the sport and with experience in several other governing roles, believes that the board “is still quite an operational board” (Board Member, SSO1). This difference in perception showcases how operationally focused the board has been while acknowledging the efforts to shift this focus.

The strategic plan for the organisation was in the final stages of preparation at the same time as the succession event was occurring. Funded by the state government and primarily developed by an external company, the strategic plan identified six overarching goals within which objectives were identified with corresponding strategies. The overall theme of the plan is about growth and building a foundation for future success through strategies including internal initiatives, developing and implementing policies and support for clubs, and managing external stakeholders. Certainly, there are sections of the plan that are designed to highlight a continued strategic approach to governance, but there is little discussion of succession management throughout the document.

The overall plan effectively represents the strategic position of the organisation. The merger of the two organisations resulted in a tumultuous time as leadership—including the board, the President, and the CEO—has notably changed while the number of competitions has grown. The strategic plan and the organisation are inwardly focused with the aim to increase effectiveness of current sport delivery and to improve operational processes and capability.

4.1.2 SSO2.

SSO2 manages club-based individual competitions and has approximately 7000 members and $1.1 million in annual revenue.

The timing of the previous CEO’s departure was difficult as the President had only assumed the role for about a week and a half. In addition, the primary
competition season for the sport was beginning at the time of his departure, meaning that the primary concern of the organisation, both staff and board, was on delivering the key events for the next few months. The decision was made to put the selection of a new CEO on hold until there was time to go through the proper process. In this situation, one of the senior staff members was installed as an interim CEO. Members of the board felt that this staff member was not equipped to be the permanent CEO and were clear that they would be seeking a permanent appointment at a later date.

When asked about the board’s role in filling the vacancy one board member said, “The board didn’t make a decision at all” (Board Member, SSO2). This process was completed by the executive branch of the board, and even then, only two out of the four executive members played a meaningful role in the selection: the President and the past Finance Director. From here the Finance Director took the lead role in the recruitment process, as he had prior experience in selecting the previous CEO, as well as several other staff members, and had been an interim CEO of the organisation for nine months at one stage. As the outgoing CEO had been in place for only one year, it was determined that there were very few changes needed in the position description. The incoming CEO commented that, “I wouldn’t have called [the hiring process] the most robust process of all time, but it wasn’t bad. It was one interview with myself, the President, and the Finance Director, and then another interview ... with the entire executive” (CEO, SSO2). Three candidates were interviewed, although there were not a large number of applicants. Neither board member involved could remember the exact number, but both recalled it was less than 20. Following the initial interview, the second interview was more of an informal meeting rather than a formal interview, mainly because both the subcommittee members involved in the interview process had already identified the fact that there was a clear choice. When making a decision, one said to the other, “there’s only one in there as far as I’m concerned and [the other] said yes I tend to agree” (Board Member, SSO2).
The new CEO came to SSO2 following a similar role with a similar organisation overseas. This CEO has had experience as an Executive Director in two previous organisations, completed a Master’s degree in Sport Management, and has worked on major international sporting events. The previous sport-specific knowledge was gained through administration of the sport with a different organisation, rather than through any participation experience either growing up or as an adult, meaning that it is only in his time as a sport management professional that he has learned the sport.

The previous CEO came to the organisation from a management role in an unrelated sport. The key reasons for his appointment centred on the belief that his background and the increased level of experience he possessed would help to create a more “professional” environment. It was noted “he did things well and he managed the stakeholders and brought a lot of processes and discipline to the organisation” (President, SSO2). The previous CEO left on extremely short notice for health reasons, but has since rejoined the organisation as a board member. It was acknowledged that the CEO had been beneficial for the organisation and his departure was viewed as a loss to the organisation. Given the brief notice period prior to his departure, the outgoing CEO had very little to do with the succession process.

The board is still primarily a representative board, with nine of the positions being elected by members, although the board does have the right to appoint up to three independent members. Board terms are three years in length and terms finish on a rotating basis to minimise turnover. The most recent President has been trying to shift the board to a more strategic orientation, but many board members have been around the sport for a long time and still focus their attention on operational issues. Some of these board members still have separate volunteer roles centred around competition operations and have learned to contribute to the board in separate ways, whereas others are unable to shift their perspective away from their sport delivery roles.
The representative style of board has meant that “some members who are on the board shouldn’t be there” (Board Member, SSO2). The feeling from both the President and the other board interviewee were that these people were winning the proverbial popularity contest. There is very much a “that’s the way we did it in the past so why should we change it now” (Board Member, SSO2) attitude from some of the longer standing members, meaning that attempts to change the board’s focus to strategic, rather than operational, activities encounter significant resistance.

The three year strategic plan was developed for Sport and Recreation Victoria and was implemented in 2009. It was centred on the five main elements of membership, governance, marketing and communications, development, and events. Each element has a primary objective that is supported by key performance indicators. Within each segment, more objectives are outlined alongside strategies for accomplishing these objectives. The plan itself appears to be simple and straight forward but is, in fact, robust and detailed covering a wide variety of internal and external issues. The identification of governance as a priority area showcases the organisation’s commitment to improving board performance. However, the plan does not contain much discussion regarding succession preparation, instead it is centred on performance management, managing current staff, and development of policies.

The current challenges of the organisation are reflected effectively in the strategic plan. While the historical role of the organisation has been sport delivery and this remains a priority, there is an increasing recognition of a shift in the sport’s landscape and a push to try and offer additional membership services and options for those outside the traditional competitive members.

Additionally, the President feels that the “industry [should] be thanking us for training their people” (SSO2) as there has been a high turnover amongst staff members as many staff have done “their three years and there were bigger fish to fry” (President, SSO2). This point particularly articulated the difference in motivation found by Inglis (1994) with paid staff using their roles as a stepping
stone on a career path versus board members who are engaged with the organisation for the benefit of the sport.

4.1.3 SSO3.
SSO3 administers a club-based individual competition with approximately 12000 members and $1.5 million in annual revenue.

A search subcommittee was formed from board members who made the decision to use a recruiting agent to assist in the process. From here the job was advertised primarily online. The recruiting agency assisted in short-listing the candidates and eventually the subcommittee, plus an agency representative, interviewed eight candidates. From these interviews the subcommittee intended to invite two candidates to present to the full board and allow the board to make the final selection. In the end three were invited due to the strength of their applications and interviews, including one internal candidate who had surprised the search subcommittee. Each of these candidates then presented to the full board who, without the recommendation of the subcommittee, made a decision on the best candidate.

The new CEO came to SSO3 with a strong commercial background built up from his time with a large community organisation that, while not a sport organisation per se, also operated within the leisure field. His previous roles included being CEO of a smaller organisation until it amalgamated with a larger one and then assuming a Chief Operations Officer role within the new organisation. This organisation operated in a similar field to the one in which SSO3 operates. In his previous role and in his personal life there had been constant interactions with both SSO3 and the sport as a whole. The new CEO does not have any formal education in sport management but has a diploma in business management, along with numerous other short courses.

The appointment of the previous CEO came at a time when the organisation “had no sport [specific] knowledge whatsoever in the office” (President, SSO3). This CEO, who was internally promoted, came with an elite background in the sport having competed internationally, as well as having had
extensive experience in coach development. It was noted that her skill was within the sport and there was a lack of experience and knowledge on the administrative, commercial side of the sport. However, her familiarity and her recognition in the sport community meant that the various members trusted her leadership. Reflecting back, the new CEO recognises some of the limitations that come with having a sport-specific person in the role, especially one with the breadth and depth of connections that she did. The CEO of SSO3 stated that:

because she was [an athlete], she got called into [sport operations] issues all the time and it didn’t allow her to say, contextually, ‘where does this sit in the big picture of where [the organisation] needs to be’ ... In some cases I think it probably disempowered the staff because people would go directly to the CEO, where it was someone else’s responsibility to actually deal with that.

Due to the previous CEO, “there is now a building level of [sport-specific] knowledge within the staff.... They know and understand a lot more about what’s going on” (President, SSO3) in contrast to the level of sport-specific knowledge in the organisation when she assumed the CEO role.

Eventually, personal reasons led to the CEO moving on. However, there was a significant notice period and the CEO agreed to stay on for several months in order to allow sufficient time for the new CEO to be selected. Over the course of the succession process, the outgoing CEO assisted in the succession process taking key roles in developing the job description, sourcing a recruitment agency, and inducting the new CEO.

The board of SSO3 went through a notable change in 2008. At this time the organisation changed from a portfolio-based board to a strategically focused board. The new board consists of seven elected members, three or four members are elected each year to two year terms, with the option for the board to appoint two additional directors. The President noted that this “has made a significant change in the way the board operates and the way the organisation
operates now. That took a little while to come to grips with, particularly for old timers, but that’s part of the whole situation” (President, SSO3). As the organisation grew, the demand on portfolio-based board members had also grown meaning “it was getting difficult to get new people when they knew and understood the time commitment that was going to be required” (President, SSO3). This shift in board priorities has caused tension at times with some board members attempting to retain operational control. The current CEO (SSO3) has noted that:

both the knowledge I have now, sitting in the chair, and dealing with the former CEO and a couple of former CEOs is that prior to the restructure of the board, the President was effectively hands-on and effectively treated the CEO and the staff as his staff and really had a too operational role and not a strategic role. (CEO, SSO3)

The SSO3 strategic plan was developed for the 2010-2013 timeframe. It was designed around three overarching strategic priorities. These priorities centred on outcomes and only one small section of the plan concentrated on internal operations. Succession management receives a brief mention within this small section but with a broad scope including all staff and volunteers rather than centring on the CEO.

This plan reflects the direction of the organisation. There is little emphasis on increasing operational capability and, instead, the plan aims to increase the profile of the sport. Building on the skills brought to the organisation by the previous CEO has resulted in the organisation being effective at delivering its competitive requirements; furthermore, the organisation has now prioritised a more commercial and membership building approach, including the examination of opportunities to expand the sport outside its traditional club and competition models. Additionally, the national body for the sport is considering making notable changes and pushing to a unitary structure, as opposed to the national-state model that is currently in place. This would
result in the demise of this organisation in its current form and would likely see it rebranded as a Victorian office for a national body, thus removing its independence. This issue highlights some division within the board as the two board members interviewed for this research have indicated they hold contrary positions in relation to the creation of a single, national unitary structure.

4.2 Cross Case Analysis

The background of each organisation provides a starting point for an understanding of succession within sport organisations. Table 4.2 offers a comparison of the succession events of each organisation.

In the case of these three organisations, all three new CEOs have come from outside the organisation. While none of the organisations initially considered a promotion from within, SSO2 had used an internal staff member in an interim role and SSO3 were surprised by the strength of the application from one of their internal candidates.

Table 4.2: Comparison of Succession Factors

<table>
<thead>
<tr>
<th>Factor</th>
<th>SSO1</th>
<th>SSO2</th>
<th>SSO3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departure Circumstance</td>
<td>Conditions regarding organisation amalgamation required a shift in CEO</td>
<td>Immediate departure due to health issues</td>
<td>Personal reason led to departure with a significant amount of notice</td>
</tr>
<tr>
<td>New CEO Origin</td>
<td>External</td>
<td>External</td>
<td>External</td>
</tr>
<tr>
<td>Interim Leader</td>
<td>Yes – a former CEO and long time organisation member</td>
<td>Yes – current staff member</td>
<td>No</td>
</tr>
<tr>
<td>Number of Candidates</td>
<td>20-30</td>
<td>&lt;20</td>
<td>50+</td>
</tr>
<tr>
<td>Candidates Interviewed</td>
<td>6</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Outside Involvement</td>
<td>None</td>
<td>None</td>
<td>Executive Recruitment Agency</td>
</tr>
<tr>
<td>Strategic Focus</td>
<td>Increased operational effectiveness</td>
<td>Increasing professionalisation</td>
<td>Increased commercial success</td>
</tr>
<tr>
<td>Sport knowledge prior to succession</td>
<td>Minimal board awareness</td>
<td>Highly knowledgeable board but staff need improvement</td>
<td>Strong throughout</td>
</tr>
<tr>
<td>Role of previous CEO during succession event</td>
<td>None</td>
<td>None</td>
<td>Created job description, identified search agency, managed CEO overlap</td>
</tr>
</tbody>
</table>
All three organisations followed similar processes that consisted of the establishment of a subcommittee, advertising primarily online, and interviewing several candidates before making a decision. The details of these processes will be outlined later in the chapter, but the similarities of the overall process as well as the context of each case allows for a comparison to be made.

In addition to the succession factors compared above, the three cases revealed a clear discrepancy on what makes a ‘strategic board’ as it was apparent that boards themselves do not know what a strategic board looks like. The history of overly operational boards has resulted in insiders seeing the new board as being strategic whereas more traditional business trained people and multi-board siters still see these boards as being very operational. Quotes from SS01 highlight this discrepancy:

The board is specifically designed to be strategically focused...
and no question that the board we have at the moment is much more focused on its external environment and looking outwards rather than the internal environment. (President, SS01)

We do focus a bit on strategy, but nonetheless it is still quite an operational board. (Board Member, SS01)

These quotes highlight a continuous theme. Boards are trying, and in many cases are actually becoming more strategic, but the perspective of people outside the board still recognises the overly operational focus maintained by some members. The trials of attempting to change were described as problematic in the following extract:

The last election took us backwards quite frankly [due to the change in members].... It’s a strategic board, it’s trying to move with the times and manage the next phase of growth but there’s less of us on the board to actually do it. (President, SS02)
His colleague was less diplomatic in the description of the issues within the shift to a strategic board saying:

I tried to change it from being run like [a local club] into being the governing body. Some of these guys don’t want to let go of the past. ‘That’s the way we did it in the past, so why should we change it now’. (Board Member, SSO3)

This balance between strategy and operations at a full board level has implications for the execution of the CEO succession process, as is shown in the following results.

At this stage, this chapter has developed context and provided key information regarding the cases. This background provides the context for the remainder of the chapter where a more in-depth analysis of the integration of strategy in the succession process takes place. The following sections present the actions of each case within the three phases of succession with a brief summary of how the case aligned to best practice described in literature.

4.2.1 Getting ready phase.
The Getting Ready phase involves all the activities prior to the actual recruitment of a candidate. These preparatory phases include creating a subcommittee, analysing the organisation and developing a search strategy amongst others.

4.2.1.1 Creation of a subcommittee.
One of the first things each organisation did was form a subcommittee to direct the succession process as is exemplified through these two extracts.

We decided to do [the succession] pretty much text book, which is you form a subcommittee. (Board Member, SSO1)

It was just a case of ok, let’s form a small subcommittee to be involved and that’s precisely what [we] did. (President, SSO3)
All three SSOs used some form of a subcommittee to oversee and take responsibility for replacing the CEO, but the creation and selection of members for the subcommittee were different in each organisation. SSO1 clearly recognised the value of involving those with experience in hiring processes and strived to get select people familiar with executive hiring for the subcommittee. In this case, the President had been a CEO before and had experience hiring executives and both of the other members of the committee had CEO selection experience.

In SSO2, one of the board members had previously played a significant role in the selection of several current and former staff members, as well as the previous CEO, and took this experience into a role on the subcommittee. In this case, the official subcommittee was only a group of two and, even then, it was notably driven by a single board member, with the President acting in a secondary role. The board member noted that the reason for only having two people involved was that the board did not have people who,

had been through the experience of having staff responsible to them, one of the guys is a policeman, another guy’s a fireman, there’s another one in the taxation department... so they were leaving it up to me.... I think they firmly believed that I could wave the miracle wand and come up with someone again, which as it happened, I did. (Board Member, SSO2)

This board member’s longstanding affiliation with the organisation, previous success in hiring the organisation’s staff, and a distinguished business background gave the board and the President confidence that he could do an effective job. While both other organisations had the President chair the subcommittee, the case of SSO2 illustrates an alternative structure when the expertise in succession comes from someone other than the President.

The dependence on one person to drive the process can result in issues with the current succession and also with future successions. In this case, the successful hiring history of this person, the respect from his peers, and the lack
of other qualified board members all contributed to his dominant role in the event, reflecting elements of the dominant coalition described by Herman and Tulipana (1985). With the CEO’s growing influence (Auld, 1997; Auld & Godbey, 1998; Shilbury, 2001) allowing one member of the board to dominate the selection process of a new CEO is not recommended as this important decision then relies too much on one person’s view of the role and the organisation. Additionally, as CEO successions are relatively rare events and boards are often cited as lacking in experience in the process (Allison, 2002), including others in the process will help to expose other members to the process, thereby building an increasing level of succession knowledge and experience within the organisation. It would likely be more effective for this person to take on the chairing role of a subcommittee and allow their expertise to guide the search, but with other members of the board playing a more substantial role.

SSO3 aimed to have different perspectives on the board by constructing a subcommittee that was made up of “one of the guys from [an internationally known accounting firm]... [the President] from the [sport-specific] side, you had myself from the commercial side” (Board Member, SSO3). It was viewed that this combination of skills, talents, and backgrounds strongly allowed the committee to utilise multiple perspectives to better assess the candidates as each has their own particular knowledge areas.

4.2.1.2 Usage of an executive search firm.

Of the three organisations, only SSO3 used a recruitment agency to assist with their search and, overall, had positive things to say about their involvement.

This organisation appeared to have two motives for using an executive search firm. Firstly, the basic use of the firm was to coordinate the search and provide administrative support to the succession process or, as the President (SSO3) of the organisation stated:

We decided very rapidly that we didn’t want to do the donkey work so we went to [the agency] and they did some excellent work in getting the position advertised and formalising
timelines ... all the arrangement of travel [for interstate applicants]. (President, SSO3)

Secondly, the knowledge and experience of the recruitment agency was used to offset the lack of CEO succession knowledge amongst the board as “they gave us a lot of education in that area which was very good” (Board Member, SSO3). The search firm’s experience with succession also assists the organisation in understanding the process as “It’s something they do on a regular basis, far more than we do, so we took their advice” (President, SSO3). “They have a skill that we don’t as you can understand. They have a process and they have a data bank” (Board Member, SSO3). The recruitment agency assisted through their pre-existing structures and procedures such as interview guides and rating tools. The search subcommittee noted that these tools tend to be “pretty much a standard document ... [but] because of our varied backgrounds we didn’t follow it that precisely” (President, SSO3).

One of the board members viewed the use of the executive search firm as a method to ensure “we were fair to everybody, [watch for] any hint of bias ... and made sure we kept to time and did all those things” (President, SSO3) and viewed the use of the agency as a method of checks and balances on the board’s selection process. However, one board member saw bias coming from the recruiter stating “they were certainly keen on a pushing a couple of people a bit more probably than others ... and were certainly giving out the questions to some of [the candidates] before they came” (Board Member, SSO3).

At the executive level of recruitment, search firms often develop relationships with job seekers (Charan, 2005) and that was evident in this search. One CEO noted that he “was known to both the key players within [the agency] and had been in for a couple of CEO positions and a couple of GM roles” (CEO, SSO3). One board member clearly saw this as well, observing, “[some candidates] had a very good relationship with [the agency] and that was obvious. They had very strong relationships with them and that came through” (Board Member, SSO3).
A key factor in using an executive recruitment agency is the selection of the appropriate agency. Within SSO3, the selection of the particular agency used was driven by the previous CEO who “embarked on looking at certain head-hunters that could cater for the needs of the replacement” (Board Member, SSO3). Allowing the CEO to select the search firm has its benefits in terms of efficiency, but as the selection of the CEO is a board activity, it is important that the board plays a role in the selection of the agency. One board member, after experiencing the process, stated “I would try to get their recruiters to come to the board and present as opposed to let the CEO manage that process” (Board Member, SSO3). The same member even proposed running “two parallel searches so we could have got a commercial platform as well as a sporting platform so we could really juxtapose both” (Board Member, SSO3). This proposal also highlights the ongoing battle of most sport organisations to balance their sport needs with their commercial needs.

4.2.1.3 Desired managerial characteristics.

After determining a subcommittee, addressing the interim leadership issue, and, in the case of SSO3, determining a search firm, the succession process shifted towards determining the desired managerial characteristics of the new CEO. The primary method for each of these organisations involved a reflection of the strength and weaknesses of their previous CEO. Within SSO1, “There were various things [the previous CEO] focused on and they certainly weren’t what the board wanted him to focus on... So it certainly wasn’t aligned with the strategy” (Board Member, SSO1). Also, the previous CEO had been appointed to the CEO of an operationally focused board and was dealing with things on a day-to-day basis but didn’t have a [sport-specific] background, so he was dependent upon the former Chairman and the Board to give him pretty much operational direction. (President, SSO1)

When discussing who would make an ideal candidate, the board member from SSO1 stated: “it was largely about somebody who will implement our strategy,
somebody who will get things done”. The qualities of the new CEO are almost a direct opposite to the previous as he has the sport knowledge required, and furthermore: “he gets things done. And the thing about [the new CEO] is you leave [him] to do something and it’s an awful thing to say but to some extent he’s a plodder but I mean that in a positive way” (Board Member, SSO1), showcasing the independent work ethic and operational focus of the new CEO.

SSO2 had a very different situation to SSO1. Both the President and the other board member had extremely positive things to say about their previous CEO. It was identified that:

He’s just very much a professional sports administrator and he did things well and he managed the stakeholders and brought a lot of processes and disciplines to the organisation and he threw himself into the role in a huge way. (President, SSO2)

The positive organisational impact of his performance drove the organisation to reinforce that the key quality they were looking for was “a professional to help us continue our growth” (President, SSO2). One of the positives noted about the new CEO was that “he was very methodical and he had a lot of the abilities that [the previous CEO] had but I thought he was probably younger, and had more modern ideas than what [the previous CEO] had” (Board Member, SSO2). Clearly, the positive experience of the previous CEO led the organisation to strive to select someone similar.

Finally, within SSO3, the organisation realised that the strong sport-specific qualities of the previous CEO had strengthened the sport delivery side of the organisation. In this case, the organisation was disappointed to see her leave but the after effects appear to be taking the organisation in the right direction. During the review of potential replacements one board member noted that “because I’ve never been associated with such variety of applicants of sports administrators, it proved to me just where [the previous CEO] was weak and where she was strong” (Board Member, SSO3). The areas of weakness had been recognised as lying primarily with the commercial skills and this formed the basis
for the selection of the new CEO who came across with a much stronger membership and business focus. The President of SSO3 acknowledged that the organisation could have hired a non-sport-specific person because of the sport knowledge built up in the organisation during the tenure of the previous CEO. In each of the three cases, individual board members recognised the positive and negative traits of the previous CEO and used these as a guide in shaping the replacement.

Additionally, in SSO1 and SSO3, the current ‘sport knowledge’ of the board played a role in determining what qualities were required within a new CEO. As an example, the President of SSO1 admitted that:

Our last two or three CEOs had come from people who have had no particular [sport-specific] background and I was concerned that given that we’d just appointed a Board that had very limited exposure to the sport and I had a group of stakeholders ... who had been ... critical of the old CEO because he had no [sport-specific] familiarity, that ... if a desirable candidate came from [our sport] community or somebody who had a familiarity with [the sport] as opposed to no familiarity ... then that person would be a potentially desirable candidate.
(President, SSO1)

Along a similar vein, in SSO3 a board member recognised that, “There are enough [athletes] on the board with [sport-specific] experience.... The focus is more about growth and membership. It’s not [sport] specific” (Board Member, SSO3), meaning that, “we needed a good administrator with good marketing skills, good PR skills, to sell the organisation and the sport” (President, SSO3). These two statements again highlight the assessment of the previous CEO in forming the basis for the desired managerial characteristics and reflecting a reactionary approach to the selection of a new CEO.

Interestingly, all three board presidents believe that a background in the sport is not required to be a successful CEO, as seen in Table 4.3. Between the
President and the board member, each organisation wanted some version of a professional sports administrator, which was identified as an individual with a background and education in sport management, rather than former athletes or those with a commercial background as staff, and if the person happened to have a background within the sport, then that would be ideal. One board member recognised the benefit of hiring those with a background in the sport, commenting in reference to their new CEO, that “you could take somebody and put them in there with the correct business acumen and they would be able to do the job. [Our CEO] just does it that little bit better because he knows what’s got be done” (Board Member, SSO2).

**Table 4.3: Functional Background Quotes**

<table>
<thead>
<tr>
<th>SSO1</th>
<th>Typically a CEO can be appointed with no particular experience of the industry in which he or she is involved, because they're not doing an operational role. (President, SSO1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSO2</td>
<td>We knew that we needed a professional [manager] to help us continue our growth. We didn’t need an [athlete] and that had been the history of the organisation. (President, SSO2)</td>
</tr>
<tr>
<td>SSO3</td>
<td>Our first decision was that we didn’t need sport-specific knowledge in the CEO. (President, SSO3)</td>
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Despite the belief that sport experience was not a requirement, when it came down to selections, two cases, SSO1 and SSO2, selected people who had extensive experience within the sport and one case, SSO3, selected someone who had worked in a very closely related organisation. Two cases clearly recognised the value of having the sport experience, whereas one organisation noted the benefit of someone who had worked within the same industry and was familiar with the organisation. This continues the reactionary and traditional trend of the process thus far. Boards have been aware of, but unwilling to expand outside, what they are familiar with.

A common theme from board members was that:

every different sort of [organisation] takes slightly different skills set but basically there are arts skills, there are sports skills, there’s agri-business skills and so theoretically I think to a large extent if you are a good sports administrator you should be
able to transfer those skills from table tennis to football to baseball to some extent at least. (Board Member, SSO1)

This quote, coupled with that of the President of SSO2 recognising that it is important to have professional sport administrators, illustrates the viewpoint that CEOs do not need to have a background in the specific sport, but experience within the broader sport context is important.

Along with presenting the actions undertaken by the board in the Getting Ready phase, it is also important to recognise what boards did not do. The understanding of these non-actions will assist in developing a complete understanding of succession in sport organisations.

4.2.1.4 Organisation assessment.

One areas of board inaction during succession includes the examination of the organisation as a whole. In each case, while each board member was able to discuss the strengths and the weaknesses of the organisation during data collection, there was no evidence of a formal evaluation process and none of the interviewees recalled an explicit evaluation of the organisation. Adams (1998) recommended that this evaluation should be one of the initial actions of the board in order to ensure an accurate reflection of the organisation’s strategic position and to lay the foundation for a more accurate assessment of the organisation’s needs. This study found that the board members involved in the selection chose to use only their own strategic awareness and their analysis of the previous CEO in making their decision. Additionally, none of the three subcommittees conducted a review of the board, another activity prescribed in the Getting Ready stage.

The lack of stakeholder inclusion in the process is one way to showcase the inward focused nature of the organisational assessment. All three cases seemed to be concerned about the use of stakeholders during the succession process and refrained from doing so. One President commented on being offered the assistance of the national body: “we declined fundamentally on the basis that we don’t believe their knowledge was applicable at the [state] level”
(President, SSO3) and further noted that “none of the funding for the position draws on the government, they weren’t interested and as a consequence we weren’t bothered” (President, SSO3). Within SSO1, there was an acknowledgement of including the state government, due to its fund contribution role, but this was “after we’d formed a view about the person” (President, SSO1). Consultation of the government was about getting approval rather than assistance: “I went to [the State] Government and said we’d like to offer this position to [CEO’s name], is that ok with you?” (President, SSO1). SSO2, when asked whether there was involvement from stakeholders or other outsiders, responded with a simple “No” (Board Member, SSO2).

### 4.2.1.5 Job description.

While the subcommittees in each organisation had developed ideas regarding the ideal managerial characteristics, these were not effectively communicated through the creation of a linked, formalised job description which is the primary method of communicating the candidate’s role. In one case, the board made no changes at all to the job description, with the justification that “nothing had changed that much in 12 months so we just ran [the previous one] and it worked so we’re happy with that” (President, SSO2). The previous CEO for this organisation had been in place for roughly one year so the same job description was used.

SSO3 put the onus of the job description on its current CEO and the recruiting agency, rather than develop it themselves. The outgoing CEO and the recruiting agency developed the position description and the President “had a look at it, said yea, passed it on to the committee, they were happy, it just happened” (President, SSO3). Allowing the outgoing CEO to create the job description has its advantages. This person is in the best position to assess what he or she does on a day-to-day basis and what the role actually entails. The board provides an important perspective on the CEO position as well and it is important that the board’s perspective is included in the creation of the description. Whereas the outgoing CEO can do an effective job of describing what the role currently is, it is the board’s role to link the current description of
the job with their vision of what changes may be required and what the role may become. While SSO2 and SSO3 seem to have had positive results, the creation of a job description is a crucial task in attracting appropriate candidates and boards appear to be willing to allow others to drive the creation of a job description. Also, the board is ultimately responsible for the hiring process and the success of the new CEO and should, therefore, be determining what they are looking for. In all three SSOs studied it was unlikely that major changes to the position description would be required, due to the recent nature of the previous succession, but a thorough review is still important and, a debrief with the outgoing CEO would likely be sufficient to assess where changes may be required. Other organisations, looking to replace long-tenured CEOs will likely need to make this a more critical step.

4.2.1.6 Getting ready summary.

On the whole, the boards utilised the Getting Ready stage to develop a profile of their ideal CEO and establish a subcommittee to administer the entire succession process. While the desired outcome of the Getting Ready phase was achieved, it was not necessarily accomplished in an overtly strategic manner as key steps—a complete organisational assessment, a board evaluation and the development of a job description—were not accomplished in a particularly strategic or comprehensive manner. This operationally focused response continued in the Recruitment and Selection phase.

4.2.2 Recruitment and selection.

Within the Recruitment and Selection phase, each organisation followed a very similar procedure involving advertising the position, short-listing candidates, interviewing candidates before selecting, and offering the position to the successful applicant. The following section provides an overview of the approach of each organisation to those activities.

4.2.2.1 Advertising the position.

The primary method of recruitment was advertising, and mostly through a well-known website that specialises in recruiting for positions within sport. This
website is one branch of the recruiting agency that was used by SSO3. Of the two organisations who used the website purely for advertising the position, one of the eventual CEOs found the position there, whereas the other incoming CEO was actually made aware of the position through personal contacts within the sport community. SSO1 diversified their approach as they “advertised through Seek [popular job search website] and through a couple of other places and through some sports websites and so forth” (Board Member, SSO1).

All three SSOs used the same sport recruitment website as the lynchpin of their recruitment strategy. While the use of this particular website is probably the most effective tool for advertising the position, it would be worthwhile for search subcommittees to use some other techniques to advertise more widely, particularly within the sport-specific community as using a single source for recruitment limits the reach of the recruitment campaign (Robertson, 2008). These organisations seemed to be missing or reluctant to cultivate potential successors in other ways. The use of stakeholder networks, additional internet-based services, including recruitment websites outside the sport sector, and other forms of print media would all assist sport organisations in reaching a larger pool of successors. Increased circulation of the job description through club or team organisations or other state and national bodies is a key start. The purpose of advertising the position is to attract a wide variety of skilled and capable candidates. Finally, in the case of SSO3 the use of a sport-specific executive search firm created the view that this recruiter only reached sport organisations, again, limiting the exposure to candidates outside this industry.

4.2.2.2 Applicant short-listing.

One issue that many sport organisations face is a glut of unqualified candidates “who would apply for anything if it’s got sport in it or it’s got management or it’s got CEO” (Board Member, SSO1). SSO1 and SSO3 actively took measures to reduce the board time spent reviewing applications. SSO1 required “people apply by snail mail. That basically got rid of all the people who would apply for anything.... it actually meant that people physically had to print something out, sign it and put it in an envelope” (Board Member, SSO1). The use of “snail mail”
was a unique, but somewhat problematic, technique. While the method may have assisted in lowering the amount of applications received, there is the risk of qualified candidates choosing not to apply or postal errors and therefore, missing out on the best candidate.

SSO3 utilised the skills of the agency as a way to provide the initial screening process while also asking for a very brief summary of each candidate. Additionally, as noted by a board member, the recruitment agency was used “instead of us ... we are not paid to do what we do so we don’t have the time to sit there and go through [every application]” (Board Member, SSO3). The President of SSO3 instructed the agency that they were:

probably looking at a shortlist of five or six and we wanted full
details of who they were recommending, but we wanted to
have a summary of every application so that ... [we could] see if
there were any in there that we knew about. (President, SSO3)

Using this service decreased the amount of time spent by the subcommittee reviewing applications while retaining the ability to make judgement decisions on applicants not identified by the recruiting agency. While sorting through many applications can be a trying and difficult process, it is a crucial part in the selection of a new CEO (Albert, 1993). Another technique for minimising this issue is to establish a brief candidate questionnaire that can act as a brief checklist for quick review (Albert, 1993).

4.2.2.3 Candidate interviews.
All three organisations followed a fairly traditional interview model in which the candidate was posed some questions. “I ask about five, [another member] asks five, [the President] asks about five but, obviously, [the President] did the spiel about [the organisation]” (Board Member, SSO1). General questions that were asked were “what responsibilities they thought they should bring to the job, the job entails weekends... how did they feel about that? ... I guess the questions that you’d ask anyone going into that position” (Board Member, SSO2); further questions involved “some analysis questions of skill sets, some behavioural
questions, nothing out of the usual from that point of view” (CEO, SSO3). The
general feeling from all the board members and interviewees was that the
process was pretty standard. There was certainly a list of questions to ask, but
the process was flexible and the interview adapted and changed as required.

4.2.2.4 Selection.
Following the interviews, each organisation proceeded to identify its preferred
candidate. SSO2 used a very simple and straightforward selection system and a
formal ranking system was not used. After the interview, one board member
said to the other “there’s only one in there as far as I’m concerned and he said
yes I tend to agree” (Board Member, SSO2) as both agreed it was a
straightforward decision. Within SSO1 and SSO3 the selection process was more
detailed, described by the President as:

a process where we interview and then at the end of each
interview we had time to sit down and look and think and rank
[the applicant].... At the end we compared notes and we had
the rankings identical in terms of who is number one, who is
number two etc. We didn’t totally agree in terms of the
[specific points] but we weren’t particularly worried about that.
(President, SSO3)

Three of us would interview them, we sat down, rated each one
against the criteria and then had a discussion and the
discussion was pretty much about blending the objective
assessments with the subjective assessment of how we thought
that person would fit in having regard to where we’d come
from in the past. (President, SSO1)

In both SSO1 and SSO2, the subcommittee’s recommendation of a
candidate was essentially final, subject to a rubber stamping from the board;
however, SSO3 involved the full board in the final selection stage. The
subcommittee took the role of paring down the field to three before inviting all three candidates in front of the whole board for a presentation and final selection. This caused some contention for one of the subcommittee members as he felt that by leaving the final selection to the whole board, it meant a notable amount of the work conducted by the subcommittee had been undone noting that

you can sit there and go through two days of work to get down to three and we’ve all agreed on one guy as the number one and yet at the board level both of them [other subcommittee members] didn’t vote for him. (Board Member, SSO3)

All the work done by the subcommittee, including working with the recruiter, short-listing and interviewing candidates seemed superfluous in the final analysis as selection was ultimately made by the full board and was based on the outcome of a presentation and a question and answer session in the final interview. The candidate that had been ranked number one by the subcommittee prior to the board presentation did not impress and another candidate was offered the position. In the end, the same board member who disagreed with the process reflected, “I believe the board’s decision ... versus the guy I was adamant for was probably the right decision” (Board Member, SSO3).

A second subcommittee did not get their first choice, but also retrospectively argued that the new person was a better fit. SSO1 rated and discussed the candidates and developed an ordered list of the top three. In this case, the top candidate determined that the fit was not the correct option for him and the second candidate was reluctant to give up participating in the sport at this stage. On reflection, on hiring their third choice, a board member from SSO1 stated: “In retrospect I think [the new CEO] probably was the best person for us... [He] was the best decision we made and I like working with [him]” (Board Member, SSO1).

Selection was often not based on the details of the strategic plan but did encompass a more holistic integration of the plan. “[We considered whether]
this person would be good at implementing the vision, the strategy” (Board Member, SSO1) rather than examining “the 15 things in the strategic plan. We didn’t go through one by one by one and say oh yes, [he] would be good at that, [she] would be good [at that]” (Board Member, SSO1). An SSO3 board member reflected that, while a specific analysis of the strategic plan was not undertaken, “we understand what the key pillars of our sport are” (Board Member, SSO3). The CEO of SSO2 remembered “being given a copy [of the strategic plan] at one of the interviews and discussing it briefly” (CEO, SSO2), but the conversation about the plan related more to the actions that were “aligned with what [the CEO] had done in [his previous position]” (Board Member, SSO2).

### 4.2.2.5 Negotiation.

Interestingly, all three candidates took the job offer as it was presented to them with little to no negotiation with regards to compensation or other working conditions. One organisation, with permission of the candidate, rang the candidate’s employer to ask how much he was being paid and then offered him the same wage. Another organisation based their wage directly on the previous position; and the third organisation established salary bands throughout the organisation that included the CEO position. The President of SSO1 identified this as being typical in the sector as the attitude is: “this is the amount of money you’re offered, bad luck if you don’t like it” (President, SSO1). From a strategic standpoint, SSO1 recognised that they “wanted to attract somebody who was likely to stay for a while because we’d had two or three of these people who’d transitioned through us” (President, SSO1) and were therefore conscious of ensuring a competitive compensation package was offered. Still, the increase in board members with non-sport backgrounds meant that there was some disconnect on how much they should be paid. As the President noted,

> it’s really difficult because we now had on board a whole bunch of people who were in business externally who are amazed at how little people in sports administration get paid and probably would readily agree to throw around money for senior roles. (President, SSO1)
This point is complemented by a board member who observed, “sports people are compensated bizarrely for ... what they do. How on earth [the CEO] doesn’t earn three hundred grand a year I don’t know” (Board Member, SSO1). This CEO’s salary in reality pays under one hundred thousand per year.

### 4.2.2.6 Recruitment and selection summary.
All three organisations generally followed the hiring process as prescribed by Adams (1998), Albert (1993) and Gilmore (1993). However, the succession was rarely described as a formalised process, instead, it was a more organic, evolving process that was dependent on a variety of contingent factors. For example, the quick selection made by SSO2 given the standout candidate, or the decision by SSO3 to invite a third candidate to present to the board highlights how the quality of applicants can lead to deviation from the intended process. The similarities of this phase of CEO succession with normal non-executive hiring practices is likely to have positively contributed to an effective process as board members were more familiar with this type of hiring process than they were with the recruitment of a CEO.

### 4.2.3 Post-Selection.
Following the appointment of the new CEO, the succession process moves into the Post-Selection phase, and here is where the case organisations deviated from the prescribed practices the most.

#### 4.2.3.1 Establishment of a new board-CEO relationship.
In all three case organisations the board, as a whole, tended to not be overly active in reaching out to assist in building a relationship with the new CEO; instead it has been the CEO leading the development of the relationship. The President of SSO1 recognised that there is

> a way to go in working on that relationship [with the CEO]. Now, to a large extent, he’s not going to be able to identify that himself, that’s something that I need to do with him and I probably haven’t had as much time as I’d like to talk to him. (President, SSO1)
The CEO himself admitted that the board “were really supportive and quite happy to help but other than that really didn’t have a great deal to contribute in terms of my orientation. I don’t think anyway, it may be different I don’t know” (CEO, SSO1). Within SSO2 it was acknowledged that the CEO “maintains a professional relationship with all members of the board ... he has greater involvement with some more than others” (President, SSO2) due to the particular individuals’ involvement with other areas of the organisation, rather than in their role as a board member. In a different twist, the CEO of SSO3 appears to attempt to treat the board as a whole stressing that,

Any communication that comes out of my office that is affected to the board goes to the board and no one individual is isolated, regardless of who that is. If there’s information that needs to go to the directors, it’s circulated to all the directors. (CEO, SSO3)

The analysis of these quotes helps to showcase that CEOs tended to dictate and create the relationship with the board rather than the board taking an active role in developing this relationship.

4.2.3.2 Stakeholder introduction.
After selecting a new CEO it is suggested that boards should facilitate introductions between the new CEO and key stakeholders (Albert, 1993). SSO2 was probably the most effective of the three cases in doing this by running an introduction meeting. As stated by the CEO:

About a month after I started ... we also hosted, which was our President’s idea, an information meeting to get all the [members] there, to get all of the life members there, to introduce me and so I got up and did a presentation and [the President] did as well then we could chat with all of them. That actually worked very well. (CEO, SSO2)

This session would be extremely effective at introducing the CEO to a large amount of people in a short amount of time and is an appropriate way to
introduce a CEO to the membership. However, there are many more stakeholders than just the organisation’s members and it is important for the CEO to meet them as well. The CEO of SSO1 noted that he would:

reach out to other people outside of the organisation. I tried to reach out to the national body CEO, a couple of other state associations, associations within other states, a couple of other Victorian state association CEOs and just asked them about their structures and how they do certain things. (CEO, SSO1)

This action served two purposes, one as an introduction process to other key stakeholders and two, the gathering of information and suggestions regarding the environment. This search for information is discussed later in the chapter.

The CEO of SSO2 also found himself making his own connections with stakeholders.

All I did was I just made my own list and then I actually found [the previous CEO’s] list, he’d done something similar, of people I needed to get in contact with and so I just started getting in contact with those people. (CEO, SSO2)

The CEO of SSO3 described his experiences with introductions to stakeholders:

I was lucky, probably about 85 to 95% of my network is exactly the same as it was so a lot of introductions probably didn’t need to be taking place but if I wasn’t the selected candidate ... I don’t know if the process would be different or whether they [decided] we don’t need to introduce [me] to these people because he knows them. (CEO, SSO3)

The use of competition events run by the organisation was another opportunity for introductions. The CEOs in SSO2 and SSO3 both started during the major competition season for their sport and made a point of attending the events which allowed them the opportunity to meet some of the key people
involved in running the events both within and outside the organisation. For example:

They had one of their larger meets so I came in and took the opportunity to go round and get introduced to a few of the key players. (CEO, SSO3)

With all the major events starting right away at least you get introduced to all the main players from the national body. (CEO, SSO2)

The introduction of the CEO to stakeholders was not a priority in two of the three case organisations despite to the fact that this can help develop the new relationship between the board and the CEO. The lack of introductions forced the CEOs to build their own relationships instead of building on the existing relationship the stakeholder may have with the board. Additionally, if personal contacts are used to arrange meetings with key stakeholders, as suggested by Albert (1993), it encourages the CEO to speak with board members in a setting outside the formal board room which may assist in the development of personal relationships with different board members.

4.2.3.3 Induction session.

Shilbury (2001) noted that CEOs are still looking for direction from the board and, in the case of a new CEO, this direction may come in the form of an induction session. Yet, within the three cases studied, all three CEOs felt there was little to no induction session and that they were left to find their own way, as evidenced by the following quotes:

The induction process was non-existent. I turned up and the staff said g’day, how you going, nice to meet you, your office is in there. Right OK thanks, nice meeting you. (CEO, SSO1)

I would say [the induction was] mediocre at best. I guess we just didn’t have the proper policies and procedures in place
which hopefully we have now but we didn’t have an HR manual or any HR policies or any of those things. (CEO, SSO2)

There didn’t seem to be any real formalised induction process. (CEO, SSO3)

Interestingly, there was obvious conflict between the perceptions of the induction process between the board and the CEO. Within SSO1, a board member recalls that “[The President] did an induction with him... but the board as such didn’t really do an induction with him” (Board Member, SSO1), indicating an induction meeting of some sort had taken place, whereas in SSO3, the President specifically recalled:

We had developed an induction process for new board members and new staff members and... we treated him as the new staff member. We had a couple of discussions in terms of how the board operates so I came in on those and went through those things with him so that was all done as literally part of routine business. (President, SSO3)

In SSO1 and SSO2 it appeared that the assumption was made that a thorough induction process may not be required due to the CEO’s previous experience within the sport. The internal promotion of the previous CEO in SSO3 may have not required an induction process, thereby setting the precedent for this succession. Below are interview extracts supporting this assertion:

Had it been somebody else we might have done it differently, we might have had a different process but we didn’t feel that we needed the same level of process with [the CEO]. (Board Member, SSO1)

So [his experience] would shorten his time on getting up to speed with us because he was au fait with a lot of things that we were discussing in [the interview].... Now [the CEO] had
been through a lot of that in [his previous role], the same thing happened there, the same thing that happens worldwide too. (Board Member, SSO2)

I think the structure probably needed to be a bit more formalised and because [the previous CEO] was internal there were probably already things that were taken for granted that she knew those sorts of things so I think, being that the organisation does have some peculiarities to [the sport] there was probably some effort needed to go into structuring a transition a little bit better. (CEO, SSO3)

Overall, the induction process appeared to be ineffective. While boards in some cases, believed they had offered an induction session, the CEOs did not perceive that the meetings or sessions that had occurred was a formal induction. CEOs were left to induct themselves and seek out their own understanding of the organisation in part because of an assumption by their boards that they already had the knowledge required to act in the role due to their previous experiences within the sport or the organisation. In reflection on the Post-Selection phase, the President of SSO1 observed,

One of the things that I probably could do better would be to actually, because of [the CEO’s] lack of experience in the area, is spend more time with him and that’s a weakness. So his weakness, in governance models, documentation, board relationships is more my fault than his fault because he hasn’t got the experience and I should have probably spent more time with him. (President, SSO1)

In response to the lack of formal inductions, one of the first tasks of each CEO was to increase documentation in some way or form. The CEO of SSO2 noted immediately that “we need, as an organisation, to document what we’re doing more so that we keep our own intellectual property, but also that
knowledge [will stay] in the organisation” (CEO, SSO2). This sort of reporting and documentation has been historically poor in smaller sport organisations (Thibault et al., 1991). One board member noted: “these small sports organisations are not good at documenting things [and] ... I think that’s the really critical thing that most [are not doing]” (Board Member, SSO1). The CEO of SSO1 admitted:

I tried to basically create my own induction programme and then I created a basic induction programme for other staff and just said righty-o this is what I learned out of it, this is what I think I need to know and how I need to go about it and try to create that sort of thing. (CEO, SSO1)

**4.2.3.4 Overlap period.**

The use of a transitional period or overlap time between CEOs is an effective method for the outgoing CEO to share knowledge with the incoming CEO. In this research, each case had its own unique overlap situation. SSO3 had a lengthy overlap involving a full two week handover where the previous CEO and the new CEO were able to work together. It was acknowledged that this “is probably unusual, especially in a CEO role” (CEO, SSO3). Both SSO1 and SSO2 had no formal CEO overlap, as the previous CEO had been out of the office and had been replaced by an interim CEO for the short period until the successor was appointed, although the outgoing CEO for SSO2 was available for consultation after the succession event had occurred. The main reason for a lack of overlap is because “the turnaround probably takes a fair while, by the time you get the ad out and you get the replies back, as you are aware, you generally [take] a good three months” (Board Member, SSO2) and it is rare for a CEO to provide a three months’ notice period.

While the previous CEO for SSO1 had already started in his new role, his new office was in the same location as SSO1. This meant that his was physically nearby and was available if the new CEO decided to utilise his skills. The new CEO used this opportunity to have
a quick chat to, probably an hour, an hour and a half chat to the [previous] CEO, [asking] what’s your impression of the organisation and what are strengths and weaknesses of the staff, the operation of the office, how do you deal with a couple of things. So I got a little bit of feedback that way. (CEO, SSO1)

The outgoing CEO for SSO2 left the organisation rather suddenly, but has since returned to the organisation in a board role. The current CEO stated that his predecessor then

waited a couple of weeks and then he sent [me] an email saying if you want to catch up, so we did. So it slowly started from there. [It] didn’t really help at first ... but from there’s he’s been very, very helpful with a lot of little things” (CEO, SSO2).

This is a bit of a unique situation because the former CEO is now a board member and has a responsibility, in that role, to assist in the management of the CEO, so it may be difficult to classify this relationship as a pure CEO overlap.

The exchanging of knowledge from former CEO to new CEO was acknowledged as useful, but there is recognition that too much overlap can put the new CEO in a difficult spot. One President noted that:

If I was a CEO and I came in, I really wouldn’t want my former CEO sitting at a desk ... I’ve got a new role to play and I don’t need to have that person there ... maybe useful for a day or two transition. (President, SSO1)

This relates to the observation that help from the previous CEO may fall on deaf ears as the new one thinks “[It] didn’t really help at first [because I was] thinking I knew I could do this better” (CEO, SSO2).

However, incoming CEOs also recognised the benefit of having some transition time. Often the knowledge they aimed to gain during transition related to things that are not easy to document and to more candid
observations. One incoming CEO asked the outgoing CEO, “what’s your impression of the organisation and what are the strengths and weaknesses of the staff” (CEO, SSO1); another looked for guidance on “the personalities of the board and the structure ... understanding who [the powerbrokers] are ... and [the] relationships of the team” (CEO, SSO3).

An extended CEO overlap can be tough on the outgoing CEO as well. In one case, the CEO agreed to stay for up to three months to allow for an adequate replacement to be found. While this is an admittedly rare situation, it assists in highlighting the need for proper succession preparation. The outgoing CEO can find “the last period of time [to be] difficult ... because three months is a long time. You check out mentally” (Board Member, SSO3). Additionally, if a new CEO is already in place, it can result in a situation where the current CEO is still working the organisation in a certain way, whereas the new CEO may be waiting with changes planned and ready. A board that is prepared to handle the CEO situation in a prompt efficient manner can ensure that the overlap time is utilised in a way to allow for the necessary exchanges of information without extending the overlap time into a situation where the old CEO becomes a “lame-duck”.

CEO overlap tended to be managed by the CEOs themselves rather than the board. In the case of the extended CEO transition within SSO3, eventually, the outgoing CEO approached the President stating that the new CEO seemed to be ready and that she would finish the role at the end of the week. In SSO1, the new CEO approached the former CEO and initiated a conversation, while in SSO2 the former CEO approached the new CEO.

As has been recognised, CEO overlap is unlikely to occur in most instances, but that does not mean that there are not opportunities for the board to be involved in the transfer of knowledge from previous CEO to new CEO. At minimum, an exit interview could be conducted with the outgoing CEO. The board can also facilitate an introduction between the two parties and encourage them to engage in knowledge sharing.
4.2.3.5 Establishment of a performance review process.

The development of an effective and agreed upon performance review process is important to a complete succession (Albert, 1993). The cases examined in this study have typically neglected to mutually (board and CEO) establish a process for performance review. The President of SSO1 had a performance review plan in mind and imposed this method on the CEO. He described the performance review system as:

>a system that I said to him I was going to use [because] ... [The CEO] has had no experience with that process before, so I suppose he’s depending on me to tell him this is how we’re going to do it. (President, SSO1)

Within SSO2, the CEO answered with a simple “No, not at all” (CEO, SSO2) when asked if there was any discussion regarding a review process, further noting: “We never had a formal policy on it.... Essentially the only review I’ve had is with the President and the Senior Vice President.” (CEO, SSO2). In SSO3, the CEO described his performance review experience:

>There is a six month probationary period, [but] ... I’m working blind ... what do you want me to do in that six month period that are going to be my key performance indicators (KPIs).... there’s nothing formalised from an organisational point of view. (CEO, SSO3)

These three cases all highlight the lack of communication and development of appropriate performance review policies in the case organisations. In both SSO1 and SSO2, the existence of a plan was not clearly communicated. SSO2’s process, while not particularly robust, involved a basic performance review form that was filled out by two key members of the board before meeting with the CEO to discuss. With SSO1, the performance review plan was clear and detailed, but not communicated to the new CEO. Finally, in SSO3, the CEO was aware that a review would take place but was unsure as to what form the process would take. These are all examples of a lack of
communication regarding the establishment of a performance review plan. In addition to communicating the review process, it is also important to communicate what aspects or key performance indicators will form the basis of the review (Burke, Weitzel, & Weir, 1978).

A board member highlighted why these reviews can be difficult in a sporting environment, saying:

It's not like a business. If you are the CEO [of a profit-focused business] you just rule it with an iron fist. You report to a board and the board will whack you pretty hard based on results, pure results boom. What are the results that you qualified for this guy [in sport]? Is it membership growth, is it profitability, is it performance of the sport? (Board Member, SSO3)

This was certainly evident in SSO1, as the President stated that he:

consciously didn’t … put in place any sort of key indicators because he was brand new into a relatively new organisation, so it was more about feeling your feet and seeing where you go and we together worked out together the general issues we should focus on. (President, SSO1)

The CEO in this organisation also recognised the struggle that a new organisation faces in this context, reflecting “I think, at the time, there was a lot happening, particularly with the unification and creation of [the new organisation] ... I don’t know if anyone really knew what appropriate KPIs should be in place” (CEO, SSO1). Issues regarding the lack of a performance review plan stem from the uncertainty around the appropriate measures with which to evaluate a CEO and from the lack of a formalised process on how to establish a review plan.

In all three cases, boards were failing to discuss both the process and the content of the review system with the new CEO either during the hiring process or early in the tenure. This failure in communication has the potential to cause problems if the CEO and the board are not aligned regarding what the CEO
should be achieving and how this is being monitored. One President noted that
often when discussing annual reviews “most people think that’s an annual salary
review. I read it as an annual performance review, which may or may not involve...
a change in salary” (President, SSO1). This is one example where, if the
process is not communicated, the CEO may be expecting the review to be mostly
focused on a salary review rather than “the whole idea being to give him
feedback about things he can do differently or opportunities that he can improve
on” (President, SSO1). This misunderstanding could result in conflict that could
be avoided with clear communication from both sides.

The establishment of a performance review process links into the board’s
strategic objectives. In linking the CEO’s performance review to the strategic
plan and including him or her in developing and refining the process, the board
can achieve two objectives. Firstly, from a review standpoint, there is less likely
to be any unpleasant or unexpected surprises during the review process as both
the board and the CEO are aware of the procedure and the desired outcomes.
Secondly, by linking the CEO performance to the strategic plan, the CEO’s
success is defined by the achievement of the strategic plan thereby increasing
the likelihood of the CEO working towards achieving the plan’s objectives (Burke,

Performance review assists in the building of trust and provides guidance.
A performance review plan is likely to be most effective when it has been
developed by both the board and the CEO. Contrary to the recommended
practice of establishing a performance review plan prior to the commencement
of the role (Albert, 1993), the creation of a mutually developed strategic
performance review plan is not something that can occur immediately upon the
new CEO’s commencement. While the mechanics of the plan (timing, structure,
and format) can be agreed upon early in the tenure, developing appropriate and
mutually agreed upon KPIs requires time for the CEO to work within the
organisation and to develop an understanding of the organisation’s current
status. Once this understanding has been established, then the development of
KPIs can begin. The use of the pillars of the strategic plan can be used as the
basis for the performance review. As the strategic plan is a long-term document, not all tasks are achievable in a given review period; therefore these tasks should be broken down into smaller levels of achievement or updates for review. These should not be dictated by one party or the other but rather negotiated.

4.2.3.6 Post-Selection summary.
As demonstrated, the boards typically had a very hands-off approach during the Post-Selection phase of succession and many of the key parts of Post-Selection were either being neglected or driven by the CEO. The reasons for this neglect are discussed further in the chapter. The Post-Selection phase is critical in building the board-CEO relationship and preparing the CEO for effective performance, regardless of the capabilities of the CEO selected and whether the succession can be viewed as successful or not.

4.2.4 Succession outcomes.
Each organisation experienced the succession process in a similar way. The focus of the organisations from the beginning involved developing a strong subcommittee, using the strategic awareness of the subcommittee members, and undertaking an evaluation of the previous CEO to form an idea of the ideal CEO. From here, each organisation progressed through the selection process in a manner reflective of a standard hiring procedure, virtually devoid of an overtly strategic influence, before, mostly, neglecting the Post-Selection phase. While there were notable gaps in the execution of an appropriate CEO succession process, each organisation was still able to achieve strategic fit with their succession. As this thesis has framed strategic fit as the primary measure of a successful succession, this means that all three organisations have been successful in their CEO succession due to the reliance on a few board members and the lack of formalised processes. These claims are discussed later in the chapter.

Table 4.4 outlines the strategic position of each organisation and provides justification of this claim. While these organisations appear to have obtained strategic fit, there is limited assurance, that, if the process were to be repeated,
a similar result would be obtained due to the reliance on a few board members and the lack of formalised processes. These claims are discussed later in the chapter.

**Table 4.4: Strategic Position and CEO Qualities Related to Strategic Fit**

<table>
<thead>
<tr>
<th>Strategic Position</th>
<th>CEO Qualities</th>
<th>Fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSO1</td>
<td>Notable background in the sport</td>
<td>As SSO1 looks to build its sporting capability, fit has been achieved by the appointment of an operationally focused CEO with a background in the sport.</td>
</tr>
<tr>
<td></td>
<td>Experience in program delivery</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal attributes lean more to operations and effectiveness rather than long-term strategic vision</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lack of sport-specific knowledge in board</td>
<td></td>
</tr>
<tr>
<td></td>
<td>New organisation required operationally focused CEO to lay foundation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategic plan focused on building the internals of the sport</td>
<td></td>
</tr>
<tr>
<td>SSO2</td>
<td>Previous CEO experience with a similar, yet broader organisation</td>
<td>The new CEO of SSO2 has the leadership experience to help continue the push to a strategic organisation while also possessing the sport knowledge required to maintain sport delivery capability.</td>
</tr>
<tr>
<td></td>
<td>Knowledge of sport</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Variety of previous CEO and leadership roles</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sport management trained</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increasing staff capability in sport delivery</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Finding new membership opportunities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Broadening viewpoint of sport</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Some Board members struggling to adapt to strategic role</td>
<td></td>
</tr>
<tr>
<td>SSO3</td>
<td>Well-developed sport delivery programs</td>
<td>With sport delivery running smoothly, SSO3 hired a person who has the ability to focus on building the sport and can stand up to the board when it steps too far into operations.</td>
</tr>
<tr>
<td></td>
<td>A traditional hands on board</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Focus is on selling the sport and increased sport profile</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business development background</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strong personality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Little background in the sport</td>
<td></td>
</tr>
</tbody>
</table>

The organisations themselves recognise the positive strategic fit of their new CEOs. It is unlikely that the respondents will reflect negatively on their hire and it is worth noting that in both SSO1 and SSO2, approximately one year had passed from the appointment of the new CEO to when data were collected for this research making the long-term impact difficult to evaluate. In both of these cases, the initial assessment of the CEOs’ performance by their respective board members had been overwhelmingly positive. While one year is hardly enough
time to evaluate the long-term impact and legacy of a CEO, it is enough time for initial reflections of “did we make the right choice?” to have occurred. The following statements sum up the typical sentiments expressed by case organisations regarding their new CEO: the subcommittee member for SSO1 stated that the CEO was “the right person at the right time for us” (Board Member, SSO1); and the President of SSO2 noted that “his impact has been very positive”.

At the time of data collection, the CEO of SSO3 had only been in the role for less than four months but “all first impressions have been favourable” (President, SSO3). With less time in the role, clear judgements regarding overall performance were minimal, but there were specific areas that received positive comments such as the work on revising the structure. “He’s taken a different approach which is good by virtue of taking a bit more of a straight line. So I think it’s good now. I think it’s much better” (Board Member, SSO3). Early indications are that the notable contrast in background, personalities and perceived role between the previous and new CEO of SSO3 has meant that there is a bit more of a wait and see attitude taking place.

4.2.5 Cross case summary
Each organisation appears to have achieved strategic fit through their succession process without explicitly searching for it. While each organisation’s process varied slightly, these organisations effectively followed the Recruitment and Selection phase preceded by an internally focused, streamlined Getting Ready phase and followed by a mostly neglected Post-Selection phase. The key factors relating to the achievement of fit were a) the involvement of business and strategically capable board members who had knowledge of the organisation’s current status and b) an effective reflection on the characteristics of the previous CEO.

With a clear view of the strengths and weaknesses of the succession process within these sport organisations, this chapter now moves towards a
discussion examining how this understanding relates to current views on succession and sport governance.

4.3 Barriers to Effective CEO Succession
The nonprofit CEO succession process is the subject of several prescriptive manuals from a variety of authors, but little empirical research has been conducted to support the oft-espoused views that succession is rushed, treated as a crisis event and managed by inexperienced and untrained operators (Adams, 1998; Albert, 1993; Gilmore, 1993; Houle, 1997). This research has highlighted that time is a barrier to the succession process but the issues regarding board attitude and inexperienced board members are more nuanced than the literature suggests.

4.3.1 Board member skills and experience as barriers.
The common view found in the literature is that boards are inexperienced with succession and individual members do not have the demanding skills required to manage a succession event (Adams, 1998; Albert, 1993; Gilmore, 1993; Houle, 1997). An examination of these three organisations has revealed that it is less likely that the board members do not have the skill or the experience, but more likely there is a lack of knowledge or understanding of the critical differences between a CEO succession process and the hiring process for other staff members.

In all three organisations, the search subcommittee comprised experienced business people, for example: business owners, former CEOs, finance experts, and barristers. Additionally, many of these members had been through a CEO succession either with the organisation, or in other organisations. With these highly successful businesspeople, it is rather unlikely that a lack of skill and experience contributed to the issues identified with the succession process; rather it is more likely that a lack of knowledge, related to the unique characteristics of the CEO and the changes required succession process, caused these issues. Additionally, the institutionalisation of the succession process and the familiarity the members have with a non-CEO hiring process contributed to the streamlined Getting Ready phase and the minimal Post-Selection phase. The
fact that the board members reflected minimal awareness regarding the possibility of missed stages supports the argument that board members did not know what could be improved as opposed to lacking the capacity to improve. Additionally, the influence of leisure culture and its reliance on part-time volunteer board members highlights the difficulty in adjusting known and established processes, an issue raised by institutional theory.

It is entirely possible that the process of CEO succession has become institutionalised. The similarities of the CEO succession process in all three organisations, the acceptance of the process as correct, along with the assertion of one board member that all members were “comfortable with the process because we’d all done that process before. So we all understood the process and we didn’t need to talk much about it” (Board Member, SSO1), indicate the possibility that the CEO selection process has received general acceptance throughout nonprofit sport governance and has thus been institutionalised. A result of this institutionalisation is that sport organisations and board members do not feel the need to seek out new information regarding procedures that have become accepted as best practices. Additionally, this institutionalisation may stem from the history of volunteerism and amateurism in sport organisations where the selection of paid staff is a relatively new phenomenon.

Additionally, the increasing influence of the CEO seen by Auld (1997), Auld and Godbey (1998) and Shilbury (2001) may have an effect of the board’s role in CEO succession as the professionalisation of the organisation dictates that the CEO hires the majority of all other staff thus decreasing the involvement of the board in other hires. This limitation of the board role in hiring procedures means there is less opportunity, and perhaps a perceived lesser need, to document and formalise the process of hiring. The net result is that the board has minimal resources to draw on when the next succession occurs, its ability to learn from previous events is decreased, and little to no guidance is provided for future successions.
In addition to the CEO succession process becoming institutionalised, the process used within these sport organisations relates strongly to that of a normal, non-CEO hire with the focus being on identifying desired qualities, recruitment, selection and then training; this is a process with which these board members, due to their business background, would be familiar. As the majority of staff hiring is not at a CEO level, the prescribed CEO succession processes—such as a complete organisational assessment and the consultation of external stakeholders—are not methods that these board members would be familiar with and, therefore, are less likely to use them. While board members, in their “non-board” lives, may be accustomed to training and orienting new staff members, it is more likely to be an explicit part of their role within their other organisations, whereas, as Hoye and Cuskeley (2004) have identified, sport boards have been deficient in developing clear roles for individual board members, meaning that board members are less likely to recognise their role in the induction of a new CEO.

This lack of appropriate succession processes can be partially explained through Nicholson and Kiel’s (2004) concept of intellectual capital. They identified boards as having four forms of intellectual capital—human, structural, cultural and social capital—and the usage of these forms of capital impacts the effectiveness of the board, and therefore organisational performance (Nicholson & Kiel, 2004). In the case organisations, there appears to be a relatively strong human capital component—the individual board member’s business experience and abilities—that has been hampered primarily by the lack of board processes and procedures, referred to as structural capital. The increase in structural capital through the creation of an appropriate succession process would likely contribute to increased utilisation of the strong human capital evident in these boards.

The success of the three succession events due to the skills and experience of board members helps support the assertions that a quality board will positively impact organisational performance (Bayle & Robinson, 2007; Papadimitriou, 2007; Papadimitriou & Taylor, 2000). As demonstrated, an
effective succession, defined as strategic fit, was achieved in each organisation, primarily due to the business acumen of the selection committee, rather than as a result of any pre-determined processes. The human capital, board member knowledge, led directly to successful succession outcomes. Additionally, skilled board members may be better able to identify areas where their knowledge is lacking and are more willing to seek support, as seen in the use of an executive search firm.

The success of these succession events helps showcase the importance of having board members with succession experience and skills and further highlights board composition issues. Hoye and Cuskelley (2007) asserted that smaller sport organisations have struggled to appoint quality skilled directors and do not always take advantage of the ability to appoint independent members (Hoye & Cuskelley, 2004). The business skills of individual board members contributed directly to the success of the succession event and may not be present in every organisation as often “associations cannot find the mix of skills necessary to run complex organizations among members who may be highly competent in their own field but lack appropriate experience and expertise” (Friedman & Phillips, 2004, p. 194). This research supports the inclusion of independent members recruited for their business acumen; however, there is a demonstrated requirement for in-depth knowledge and understanding of the organisation’s environment which may make the suggestion from the Australian Sport Commission—to “have all directors being independent” (2007, p. 6)—overly drastic as it could result in boards attempting to govern an organisation without appropriate familiarity with the institutionalised culture of the organisation which could, in turn, lead to possible conflict.

Board member skills, knowledge and experience have showcased an interesting paradox within succession events. The experience in hiring outside their sport governance role, possessed by the majority of board members, contributed to the development of succession skills. However, due to the institutionalisation of the current succession process, these members have not
gained knowledge regarding the uniqueness of CEO succession, as identified by Allgood and Farrell (2003).

4.3.2 Attitude as a barrier.
Boards are often portrayed as entering a succession event with a crisis attitude, and therefore the process is rushed through in order to complete the hiring process; as soon as the selection has been made, the board relaxes because the job is done and that leads to the neglect of the Post-Selection phase (Allison, 2002). However, the findings of this study indicate a more nuanced board attitude towards the succession event. The boards, instead of panicking, viewed succession events as “actually creating opportunity” (Board Member, SSO3). That is not to say that the board’s attitude was not a factor in adopting the methods that they did in the succession process, but it was not a panicked attitude that caused the variation from the prescribed succession processes. The board’s attitude was related to the shift in leadership in sport organisations from boards to staff and the increasing strategic orientation of sport boards resulting in boards becoming overly cautious of overstepping their boundary and infringing on the CEO’s operational role. Perhaps, as boards move to a more strategic focus, their capability, and therefore willingness, to induct the CEO is also diminished due to decreased operational knowledge.

Rather than boards feeling that their role was finished following the selection of the new CEO, it is argued that the constant push from organisations such as Sport and Recreation New Zealand (2006) and the Australian Sports Commission (2007) towards strategic boards have led boards to feel that inducting the CEO is overstepping their “new strategic role”. A board member recalled:

I remember after he’d been there about three days I hot footed it down to say hello but that was ‘Cool I want to go and see [him]’ type thing. That was more of a get to know the CEO. But I left him for a couple of days before I did it. It’s not nice to turn
up on his doorstep at nine o'clock the first morning. (Board Member, SSO1)

The board member emphasised that the purpose of this meeting was personal and she went out of her way to say she was not there with the purpose to induct or monitor his performance.

Additionally, in most non-CEO positions, the responsibility for training a new hire can be quite obvious due to clear hierarchies and the presence of human resource departments. However, the growing influence of the CEO position has meant that the clear line of authority has been blurred and the CEO and board can both take leadership roles, depending on the situation (Auld, 1997; Auld & Godbey, 1998; Shilbury, 2001); this possibly results in boards feeling it is not their role to induct the CEO. Also, the growing influence of the CEO is likely to mean the board will not be fully conversant with the all aspects of the operational role of the CEO nor with the operational issues within the organisation but focuses rather on strategic issues, disabling its ability to induct or orient the new CEO.

Although board fatigue has been cited as an aspect of board performance that impacts on the way the Post-Succession is undertaken within organisations (Allison, 2002), it did not appear to be a factor for board members in these case organisations. It is more likely that the changing roles of the board and the shifting focus from operations to strategy have impacted the ability and desire of the board to complete an effective Post-Selection phase.

4.3.3 Time as a barrier.
In this study, time did not appear to be as significant a barrier as is prescribed in most nonprofit literature on succession, such as Souza and Zajas (1995). Although still a factor in the succession process, the time was less important barrier than that presented by board member skills and experience and by attitude. Boards did look to find ways to minimise the time commitment, for example through the usage of a search firm or by using a “snail-mail” application
process, but very few interviewees discussed time as a major barrier to succession.

4.3.4 Summary of CEO succession barriers.
To this point, the discussion has centred on the barriers related to a full and complete succession process. It has been demonstrated that the skills and experience of board members in sport organisations were conducive to succession, but greater emphasis is required in distinguishing the process of selecting a CEO from the normal hiring process used for other staff. The next section examines the relationship between succession and sport organisations with an emphasis on sport governance practices.

4.4 CEO Succession and Sport Organisations
Governance research to date has centred around the roles of the board (Inglis, 1997a; Shilbury, 2001), the effect of the board on performance (Bayle & Robinson, 2007; Papadimitriou, 2007; Papadimitriou & Taylor, 2000), the relationship between the board and the CEO (Hoye, 2004; Hoye, 2006; Hoye & Cuskeley, 2003a), the performance of the board (Hoye & Auld, 2001), and the growing strategic nature of the board (Ferkins & Shilbury, 2012; Ferkins, et al., 2005; Ferkins, et al., 2009; Shilbury & Ferkins, 2011). CEO succession interacts with each of these concepts and the findings of this research offer a different perspective.

This research examined how boards actually perform in their role of executive management. Previous research into board roles have emphasised what the board’s roles are (Inglis, 1997a; Shilbury, 2001), but research had yet to examine how these are accomplished. Through examining the actual actions of the board in a succession event, detail is revealed in relation to what boards do, how they do it, and what makes it successful. The management of the CEO is a crucial board role in sport organisations (Inglis, 1997a; Shilbury, 2001) and nonprofit organisations (Brown & Guo, 2010); this inquiry’s examination of CEO succession has revealed that boards do indeed take the lead in the selection of a new CEO.
4.4.1 Professionalisation, formalisation and succession.

The succession process within these organisations reflects the ongoing professionalisation of sport organisations. Thibault et al. (1991) indicated that increased formalisation, for instance as seen in the documentation of operating procedures, is one after-effect of professionalisation. This increasing formalisation has been evident in management activities, but board formalisation has been shown to be lagging. CEOs in this research inquiry strived to formalise aspects of the organisation immediately with the documentation of key processes. This is in direct contrast to the ad-hoc nature of the board-implemented succession process, showing that, while management of organisations may be becoming increasingly formalised, this has not extended to governance—as evidenced by the lack of a formal performance review session, induction session, or organisational review. While the succession process used—an institutionalised version of non-CEO hiring procedure—achieved quality results, in each stage the lack of formalised procedures contributed to a reliance on the skills of board members which cannot be easily replicated in future successions. The increase in professionalisation of the organisation needs to be extended to the board and the creation of a succession protocol would be one way to begin this process.

4.4.2 Strategy and succession.

The examination of the integration of strategy into board processes is a growing trend in both practice and research interests as seen in the works of Ferkins, Shilbury, and McDonald (2005; 2009). Yet, through this research inquiry, it is apparent that sport organisations may still be failing to apply this concept. The lack of integration of organisational strategy in the succession process highlights the need for increased attention to the development of strategic processes. Boards are clearly recognising the value of strategy in the CEO’s role, as demonstrated by this quote: “If you are a CEO, [the strategic plan’s] really going to be nearly your bible of what you are aiming to achieve” (Board Member, SSO3). Boards expect the CEO to use the strategic plan:
Before each board meeting [the CEO has] to report on how he thinks he’s going relative to the strategic plan and so we sit down and we tick off or cross off issues that need to be attended to and haven’t been attended to. (President, SSO1)

However the recognition of this strategic importance has not carried over into the succession process in these three cases. When prompted to reflect on how the strategic plan influenced each stage, the general attitude was that it played a minimal role. As an example, when asked about how the board used the strategic plan in the recruitment process one President stated “As a committee, we didn’t....we told them where they could get it if they wanted a hard copy” (President, SSO3).

Another method of strategic engagement—consultation with outside stakeholders—was not done, showing that sport organisations are failing to provide themselves with the most accurate analysis of their environment possible, a requirement for effective strategic planning (Nadler, 2004). Essentially, the boards are thinking about strategy, but considering the board’s minimal awareness regarding CEO succession processes and the lack of formalised procedures for succession, the integration of strategy into the process is far from complete.

4.4.3 Similarities between board and CEO succession.
Hoye and Cuskelley (2004) demonstrated many issues with the selection, orientation, and evaluation of board members in sport organisations. A primary finding revealed in their study was that there was no systematic process to identify new members, minimal written selection criteria, minimal orientation for new board members—due to the lack of board manuals and new member induction sessions—and finally, the board performance evaluation system tended to be informal or non-existent (Hoye & Cuskelley, 2004). The findings of this research regarding the appointment of a new CEO echo those of Hoye and Cuskelley (2004). The lack of a written job description, the ad-hoc nature of the succession process, the minimal orientation, and the informal performance
review system described earlier in the chapter during the CEO succession period indicate that boards are still struggling in these roles and have not developed standardised processes. Hoye and Cuskelley (2004) identified the politicised electoral process for board member appointment as a barrier to the appointment of capable boards; however, no such barrier exists in the appointment of the CEO, allowing for increased board power in the CEO selection process that is not seen in the selection of elected board members. By retaining and utilising the board’s power to appoint the CEO, there is a decreased chance of selection made on the basis of the representation of “a particular discipline, stakeholder group or geographic area of the sport” (Hoye & Cuskelley, 2004, p. 95), as has been shown to occur in the election of board members (Hoye & Cuskelley, 2004). It is important, therefore, that the governance model allow for a board member selection process that results in skilled and knowledgeable board members as the effectiveness of CEO succession will be in the hands of the board. It is likely that the development of an effective orientation and evaluation process would address issues regarding both board members and CEOs.

4.4.4 Development of a new board-CEO relationship.
The Board-CEO relationship is one of the most critical relationships in a sport organisation and a succession event will obviously result in a new relationship. The foundation of this relationship will be laid during the Post-Selection phase of succession, yet this phase is often neglected by boards due to the feeling of the task being accomplished (Adams, 1998). All three boards were found to have a very hands-off approach during this phase, meaning that the critical relationship between a board and its CEO was not formally established. Several of the activities prescribed by Albert (1993), such as the development of a performance review plan, induction sessions, and stakeholder introductions, would not only meet the requirements for an effective succession but would also crossover into the establishment of an effective Board-CEO relationship. By ignoring this phase, boards are failing to provide a new CEO with strategic direction typically desired of most executives (Shilbury, 2001), and probably more so in a new CEO.
Additionally, the lack of interaction means that the establishment of trust, described by Hoye and Cuskelley (2003a) as a critical factor in the board-CEO relationship, will take longer to form.

Additionally, the creation of an effective President-CEO relationship is identified by Hoye (2006) to be a critical factor in board success and, by extension, organisational performance. There is the identification that the creation and formation of this relationship should be the responsibility of the individual with the longest tenure, which in the case of a recently appointed CEO, would typically mean the President. Given the fact that the majority of nonprofit CEOs have not been a CEO before (Teegarden, 2004), it is noteworthy that the President of SSO1 remarked that “[the CEO]’s not going to be able to identify that himself, that’s something that I need to do with him” (President, SSO1), demonstrating an awareness of the importance of this relationship. According to Hoye (2006), the development of this relationship will help with organisational performance.

4.4.5 CEO succession and sport organisations summary.

Sport organisations are experiencing a professionalisation process that has not yet extended to the board of the organisation, despite the emphasis placed on professionalisation by management. Additionally, boards are aiming to become more strategic but are still struggling to integrate strategy into their hands-on tasks, such as succession. The lack of a strategic view and formalised processes seen in the board’s approach to recruiting and electing new board members are also evident in the succession process and this leads to a lack of development in the Board-CEO relationship.

4.5 Summary

This chapter began with an overview of each of the three participating organisations, providing a brief discussion of their succession process, their new and previous CEOs, their governance situation, and their current strategic position. From here the results of the study were presented using the succession process as a framework. The results showcased a succession process that was
centred on the Recruitment and Selection phase and was managed by experienced and skilled board members with business backgrounds. All organisations were shown to have achieved strategic fit in their successions although the only explicit strategic analysis conducted was a review of the strengths and weaknesses of the outgoing CEO. It was clear that the Getting Ready phase was streamlined and internally focused, the Recruitment and Selection phase was efficient and followed the prescribed guidelines, while the Post-Selection phase was mostly neglected. While these findings, with regard to the process of succession, are not unexpected and are, in fact, confirmatory of other research outcomes, the underpinning reasons for the deviance from prescribed procedures does vary from expectations.

It was found that a lack of awareness regarding the uniqueness of the CEO succession process, as compared to a normal staff hiring process, was a key factor in explaining the organisations’ approaches to CEO succession, rather than their actions resulting from an unskilled or inexperienced board. Additionally, boards are experiencing the growing professionalisation of sport organisations, as well as a push to be more strategic, and these factors contribute to uncertainty regarding the board’s role in a modern sport organisation.

The following chapter concludes the research by revisiting the overall purpose of the project, examining the implications of this study for practice and for theory, before identifying limitations of the study and future research opportunities.
Chapter 5: Conclusions

To this point the thesis has provided an overall background to the study, a review of previous literature, a description of the research method and the results accompanied by a discussion of the findings. This chapter revisits the research problem and the research questions and provides a summary of the findings. The use of a variety of governance theories act as lenses for understanding the issues discovered during this study. Following this, the chapter proceeds to examine the implications of this study in the areas of theory, method, and practice before outlining limitations to the research and suggested future directions.

5.1 Revisiting Study Objectives

This thesis has examined the issue of CEO succession within sport organisations with a focus on the board’s role in succession and the succession process. The research problem and three supporting research questions were developed:

RP: How do State Sport Organisations experience CEO succession?
RQ1: How do boards manage the CEO succession process?
RQ2: How does organisational strategy impact the succession process?
RQ3: What are the facilitators and barriers to the achievement of a successful succession?

The following discussion links the findings discussed in Chapter Four with the research questions. A summary of the key findings can be found in Table 5.1.

5.1.1 Revisiting research question one.

How do boards manage the CEO succession process?

Boards of sport organisations used a subcommittee to guide and direct the CEO succession. This subcommittee formed a picture of the ideal candidate using their own analysis of the organisation and a review of the strengths and weaknesses of the previous CEO. From here the subcommittees worked through a recognisable hiring process by advertising the position, short-listing candidates, holding interviews, and making a selection. Following the selection, boards
moved into a more hands-off role and the CEO was responsible for managing the Post-Selection phase.

**Table 5.1: Findings for Research Questions and Research Problem**

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Findings</th>
</tr>
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</table>
| **RQ1: How do boards manage the CEO succession process?**                        | • Boards formed small subcommittees of skilled and experienced business minded members to oversee the search process  
• These subcommittees used their knowledge of the organisation and their reflections on the strengths and weaknesses of the previous CEO to develop the profile of an ideal candidate  
• A “normal” or standard job recruitment and selection process was followed  
• After selection, the board and subcommittee were hands-off and the CEO was responsible for most of his own induction and adjustment period  
• Overall, board’s followed a very standard hiring procedure without making many adjustments for the uniqueness of the CEO position. |
| **RQ2: How does organisational strategy impact the succession process?**         | • Strategy played a minimal role in the succession process. The subcommittee members used their personal awareness of the organisation’s position and strategic plan to guide their decision making. The explicit use of the strategic plan in guiding the process was minimal at all stages. The overall process was treated more as an operational activity rather than a strategic one. |
| **RQ3: What are the facilitators and barriers to the achievement of a successful succession?** | **Facilitators**  
• Board members with business skills and experience  
• Review of the previous CEO in comparison with organisational position  
**Barriers**  
• Lack of board awareness with regards to unique characteristics of CEO succession  
• Fear of overstepping board boundaries in the induction of a new CEO |

Overall, the two key issues related to RQ1 were the lack of formalised processes for CEO succession and the minimal recognition of differences between the succession of a CEO versus succession in other staff positions. There were minimal guidelines or policies developed in advance of CEO succession; the subcommittees created their succession tools, such as interview guides and ranking systems, as they progressed through the process, rather than drawing on documents that had been previously developed indicating a lack of formalisation. The development of these tools during this critical time period is cause for concern as these documents may only reflect the immediate concerns of the subcommittee members, as opposed to drawing on a wider base of organisational knowledge, and therefore may be more likely to succumb to
current issues rather than long-term or less urgent, but more critical areas. Without formalised processes in place, board members are required to use time, already a limited commodity in succession, to draft, discuss, modify and approve these documents or procedures.

5.1.2 Revisiting research question two.

_How does organisational strategy impact the succession process?_

Throughout the CEO succession process, there was limited explicit use of strategy. While individual board members used their view of the strategic direction of the organisation in their development of an ideal CEO, this was not necessarily grounded in overall organisational statements of strategy, such as the strategic plan. The use of strategy as a foundation for the succession process was lacking and plenty of opportunities exist for the integration of strategy into the succession process.

The selection of a new CEO was handled in an operational manner with little integration of strategy into the process, yet the board retreated from the operational role once the selection was completed. This hands-on approach to the Recruitment and Selection phase and hands-off approach to the Post-Selection phase illustrates the gap between a “strategic board” and an “operational board” noted by the board members themselves. The process of hiring is familiar to the board members with experience in business, making it comfortable for them to handle the task of CEO selection following the same hiring process they normally use. However, despite their business backgrounds and previous experience with hiring new staff, those involved with the CEO succession were not as familiar with unique characteristics of CEO succession. Furthermore, it appears that perhaps these board members viewed inducting, introducing, and training the new CEO as “operational” tasks and were therefore reluctant to participate in them for fear of moving into operational tasks rather than maintaining the strategic focus they are “supposed” to have.
5.1.3 Revisiting research question three.

What are the facilitators and barriers to the achievement of a successful succession?

All accounts point to the successions examined for this research being successful, as measured by the obtaining of strategic fit between CEO and organisation. The key facilitators of successful succession related to the skill and experience of subcommittee members, along with the use of an analysis of the previous CEO.

Board members involved in the selection process typically had strong business acumen, were comfortable with a standard hiring process, and were not daunted by the succession task confronting them. With this strong background, board members were able to implement a process familiar to them and use their business skills to evaluate potential candidates. Additionally, these skills facilitated the critical analysis of the previous CEO, leading to the development of a set of desired characteristics in the new CEO. From here, the board members’ experience in hiring processes enabled the organisations to run effective, if not particularly robust, searches.

While subcommittee members possessed business skills and knowledge and succession experience, there was a lack of CEO succession knowledge that could represent a possible barrier for successful successions. By not recognising the unique factors of CEO succession, the succession process may not be as robust as is appropriate for a CEO position. Additionally, the lack of knowledge is likely a contributing factor to the lack of formalised succession procedures. Without awareness of the special considerations applicable to CEO succession, boards are not aware that they are even missing succession-enhancing steps. Additionally, the board’s conscious attempts to act in a more strategic way created an environment where board members were actively reluctant to overstep their perceived role to engage in development and guidance roles.
5.1.4 Revisiting the overall research problem.

*How do State Sport Organisations experience CEO succession?*

The boards of the case SSOs took charge of the CEO succession event and managed the process throughout. CEO succession events were treated as time-bounded events that began with the departure of the former CEO and ended shortly after the selection of the new CEO. CEO succession was typically viewed as a rare event occurring outside regular board activity. This meant the succession event occurred in isolation from other board activities, including organisational assessments and strategic planning.

The approach to CEO succession can be characterised as task-centred, with the board focusing on the operational goal of selecting a new CEO as opposed to exploiting a strategic opportunity. While the strategic effect was acknowledged, the emphasis of the succession process was task-oriented, with the template of a generic employee hiring process providing the model for the selection procedure.

Additionally, CEO succession was approached in a flexible, informal manner with the process being adjusted throughout. Decisions regarding processes, documents, and systems were made during the event as there were limited policies and resources in place prior to the succession event occurring.

The experience of CEO succession within these SSOs was positive, as they were all able to obtain strategic fit with their new CEOs. This was done through the use of skilled board members following an operationally focused process template with which the board members are familiar. This ad-hoc process was developed and refined throughout the succession event.

With a clear understanding developed of the issues related to CEO succession within SSOs, this chapter now turns to examine what these results mean in the greater context of sport governance literature.
5.2 Implications for Theory

The findings from the research have illuminated the knowledge of sport governance themes in several areas. This examination of CEO succession has developed the current dimensions of board roles, illustrated an additional pathway to the creation of board strategic capability, and revealed the balance between professionalisation and the leisure culture of boards. This section discusses the implications for theory providing additional discussion on these key points.

5.2.1 Expansion of the roles of the board.

While Shilbury (2001) and Inglis (1997a) have demonstrated that boards recognise the importance of the selection of the CEO, this research has shown that boards are failing to extend the role beyond pure selection and monitoring, reflecting a board approach grounded in agency theory with the board maintaining a strong hierarchical relationship with the CEO in order to ensure compliance and organisational achievement. The overall board process of selection and, in particular, the Post-Selection process showed elements of this monitoring role. After the selection had been made, boards moved into a monitoring role rather than a partnership role, highlighted by the minimal use of inductions and the reluctance to become involved in the CEO's adjustment period. An agency theory approach provides less of a platform to analyse the shared approach to leadership of the organisation that is seen through the existence of an influential CEO who still seeks guidance from the board (Shilbury, 2001). The switch from an agency lens to a stewardship lens could assist in the creation of a better succession process. The identification of the partnership approach to organisational leadership may lead to the recognition of the importance of the developmental and guiding roles, such as a substantial induction and the co-creation of a performance review process, available in the Post-Selection phase of succession. This theoretical shift reveals that the Executive Director, as described by Inglis (1997a) is more complex than a purely selecting and monitoring role; the role also includes development and guidance roles to reflect the shared leadership approach found in sport organisations.
The strategy role of the board has prioritised strategic planning and increasing the board’s strategic capability; boards have recognised the strategic value of the CEO by including the CEO in this planning (Ferkins, et al., 2009). This view of strategic activities is limited and does not include CEO succession as it remains an operational task of the board, despite the well-recognised role of the CEO in creating, understanding, and implementing strategy. Institutional theory dictates that the adjustment of a well-established process can be difficult and it is likely that boards have not yet recognised the strategic element of succession by continuing to treat it as clear operational task. Increased recognition of the strategic element of a CEO succession assists in expanding the view of board roles.

Another governance theory that describes the Board-CEO relationship is managerial hegemony theory which suggests that the mere act of hiring a CEO results in a shift of power and influence rendering the board impotent (Stiles, 2001). Elements of the managerial hegemony theory were evident as boards did not induct the CEO as boards have moved away from operational roles and into strategic ones. Additionally, boards have not provided the CEO with clear performance goals, which could be interpreted as ceding board power to the CEO.

5.2.2 Extending the view of board strategic capability.
The use of succession as a strategic tool and as a representation of strategic capability adds to Ferkins’ and Shilbury’s (2012) description of a strategically capable board; two of the key pillars of board strategic capacity are described as facilitative board processes and capable people (Ferkins & Shilbury, 2012). Opportunities have been highlighted in this thesis for boards to formalise the CEO succession process with the aim of ensuring a successful, strategic CEO appointment. The formalisation of the process and the inclusion of a capable CEO on the board will contribute to an increase in a board’s strategic capability.

CEO succession has an impact on the level of strategic capability; however, this is unlikely to be a one-way relationship as the level of strategic
capability will also impact the success of the CEO succession. The importance of capable board members with knowledge about the organisation and a familiarity with succession processes was shown to be central to the achievement of successful successions, fitting within the framework of a strategically capable board. Therefore, a cyclical process is established, shown in Figure 5.1, linking into the early succession theories of common sense, vicious circle, and ritual scapegoating (Gamson & Scotch, 1964; Kesner & Sebora, 1994). While these theories were most concerned with organisational performance following succession, their use provides insight into the possible cyclical effects of succession. Strategically capable boards should make intelligent CEO succession decisions, utilising common sense theory, which, when applied to the framework of board strategic capability, would assist in the development of a strategically capable board, which in turn would create the foundation for successful future CEO successions.

Figure 5.1: Cyclical impact of CEO succession and strategic capability

Following a similar logic, vicious circle theory identifies the disruptive nature of CEO succession and suggests that CEO succession leads to a decrease in organisational performance (Kesner & Sebora, 1994), and, by extension, impacts the strategic capability of boards through changes to the people,
relationships, and frame of reference—all key elements in strategic capability as described by Ferkins and Shilbury (2012). Even the ritual scapegoating theory, which does not link succession with organisational performance, would acknowledge the impact of CEO succession on strategic capability as the significance of change will impact current relationships and may result in a shift in perspective within the organisation.

Successful CEO successions assist in developing strategically capable boards and strategically capable boards are likely to be more successful in succession. This research has advanced the awareness and the importance of the creation of board strategic capability through the recognition of CEO succession as a contributing factor.

5.2.3 Professionalisation process restricted by leisure culture.

Chapter Four highlighted the ad-hoc nature of the succession process within each organisation. The lack of formalisation of succession processes assists in revealing a notable gap in the professionalisation of sport organisations. The effects of ongoing professionalisation—as seen in increased formalisation and standardisation—of sport organisations has not yet been fully extended to board activities. Institutional theory provides a plausible explanation for this problem as the traditionally volunteer-based and “kitchen table” nature of sport boards likely contributes to the slower adoption of formalised processes. Institutionalised organisational characteristics, such as a centralised decision making structures and volunteer dependence (Shilbury, 2001), are central to traditional leisure culture.

Recognising that boards have been slower than the executive to reflect the professionalisation of the organisation, it becomes apparent that CEOs are driving the professionalisation process through the documentation of processes and development of procedures. As CEOs become increasingly professional by drawing on sport management education and sport management career paths, increased recognition of the commercial requirements of the organisation, and are less sport-specific, they are likely less restricted by the historical culture of an
organisation and have both the mandate and the willingness to make changes away from an organisation's traditional processes and culture. In addition, as new CEOs seek information about their new organisation, they seek to make this information more easily attainable, resulting in the documentation of processes, which leads to formalisation and thus, increased professionalisation.

With formalisation being CEO-driven, agency theory helps to explain why the board may lag behind in its formalisation processes: as the CEO is the agent to the board's principal, the CEO is unlikely to have the authority or influence to insist on board formalisation. This hierarchical relationship, coupled with the institutional factors described above, lies at the heart of the non-formalised board. A shift in board attitude to a stewardship approach may allow the CEO to use his or her professional knowledge and experience to assist the board in developing the processes that would contribute to a more formalised, and therefore, more strategically capable board.

While organisations are developing awareness of what it means to be strategically capable, the CEO succession event reveals that boards are struggling to integrate strategy into traditionally operational tasks. As a result of the professionalisation of sport organisations, boards place more emphasis on strategic thinking and planning and less on operational activities; however, there is still a gap in the application of strategy to operational roles. This difficulty in transition from an operational board to a strategic one is, in part, due to the institutionalised leisure culture surrounding sport organisations. Those within the sport identify a great shift in the board's focus from operations to strategy, whereas those new to sport governance roles have identified that the organisations still have a long way to go. This discrepancy in perception is reflected in this research regarding the succession process. While the attitude towards the CEO has evolved from the viewpoint that a CEO required a background as an athlete or coach, the full impact of this attitude shift has not occurred as organisations still search for predictable qualities in their CEO.
5.2.4 Summary of theoretical implications

The governance literature has yet to develop and convey an over-arching theory that addresses this diverse field. As discussed here, no singular governance theory is an appropriate lens for examination of the issues discovered. The use of agency theory and institutional theory are most commonly used for highlighting the issues sport organisations currently face in their shift to strategic governance; however, stewardship theory, perhaps, is able to account for the shared leadership aspect of sport governance more completely.

5.3 Implications for Method

The qualitative method proved to be suitable for the investigation into the research problem surrounding CEO succession within SSOs. The approach allowed for the exploration of both new and existing issues to a depth that a quantitative method would have struggled to achieve. While previous quantitative work in the field of CEO succession provided a foundation for this research, the qualitative approach shed new light into CEO succession, specifically in relation to SSOs, and provided clarity of understanding not previously accomplished. Additionally, this research approach allowed previously developed sport governance themes to be understood from a different perspective and new themes to be developed. While there are limitations, discussed later in the chapter to the research approach, the method was appropriate for the initial inquiry into this research area.

The reflective nature of in-depth interviews as the primary data collection method contributed positively to an understanding of the succession event and showcased a variety of viewpoints that may not have been achieved through simple observation, document analysis, questionnaire, or other qualitative collection techniques. The use of multiple perspectives to each succession event created a multi-dimensional lens for the researcher to examine the data. As interviewees were drawing on their own experience, the insight provided was rich and reflected their own perceived successes and failures within their succession process.
It is likely that the choice of method will aid the organisations in internalising and applying the suggestions for practice. The examination of multiple cases from multiple perspectives allows for board members and CEOs to learn from each other. The development of recommendations allows for organisations to implement changes in a way that is appropriate for their context. Additionally, the inclusion of proposed activities, which can be implemented outside of a current succession event, assists in enabling boards to better prepare for a future succession event.

5.4 Implications for Practice

First and foremost, it must be recognised that all three researched organisations achieved strategic fit in their succession due to the presence of capable board members. These board members brought strong business backgrounds, developed outside the organisation, into the succession process using their experiences in strategic analysis and hiring processes to guide a successful succession. From a practice standpoint, it is important for boards to conduct a self-analysis to identify if there are appropriately skilled members on the current board who could manage a succession event. Should boards find such members lacking, it would be prudent to examine methods for appointing or recruiting people with the skills required. These actions are aimed at identifying and improving the human capital of the board.

While the skills of board members was shown to be effective in achieving strategic fit within succession, this research uncovered a lack of knowledge regarding the unique characteristics differentiating CEO succession from other hiring tasks, limited formalisation of the succession process, and a succession process that used strategy in a minimalistic way. These obstacles can be overcome, but there is an opportunity for organisations to reduce their reliance on skilled board members and build their own knowledge as well as increase the structural capital with regards to succession. It is important to acknowledge that organisational performance and board effectiveness is highly contextual (Herman & Renz, 2008) and, therefore, organisations should carefully consider their own situation before implementing any of the following recommendations.
The increase of the knowledge base of the board and the introduction of formal processes and policies in succession may assist in developing the professionalisation of the board, ultimately resulting in a board better prepared to handle this significant event. Building on this stronger foundation, the opportunity exists to introduce strategy into the actual succession process. This combination of a stronger board foundation and a more strategic process may contribute to a more strategically focused CEO succession. Table 5.2 outlines suggested actions that may increase the overall preparedness for CEO succession based on the gaps identified above and the issues that each strategy addresses. Following Table 5.2 guidance on possible implementation methods occurs.

### Table 5.2: Strategies to Increase Board Succession Capability

<table>
<thead>
<tr>
<th>Suggestion</th>
<th>Addressed Issues</th>
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</table>
| Increase awareness of the uniqueness of CEO succession | • Increases board knowledge of CEO succession processes  
• Provides more board insight into the role of the board  
• Increased awareness may contribute to boards recognising the value of succession preparation |
| Increased formalisation of the succession process | • Decrease reliance on the knowledge of a small group of board members  
• Reduce the “right-now” assessment and evaluation of organisational needs  
• More opportunity to integrate strategy into the process |
| Increased use of strategy in succession | • Job descriptions are not updated with strategy in mind  
• Desired managerial competencies are not grounded in strategy  
• Short-listing and interviewing techniques do not focus on strategy  
• Organisational strategy does not play a central role in the selection of a candidate  
• A strategic performance review process is not being created  
• New CEOs are using the strategic plan more actively than boards  
• Performance review processes are not being focused around strategy |

The development of awareness of the CEO position and the uniqueness of CEO succession can contribute to a board’s increased succession capability. Boards can examine their own knowledge of CEO succession, before identifying methods to increase and develop their knowledge. Boards that have the ability to appoint independent members should consider using this power to co-opt directors with the ability to contribute to the board’s succession capability, if it is recognised that board knowledge is an issue. The distribution of nonprofit CEO succession guides amongst board members and the discussion of said guides can
assist in the development of knowledge throughout the board. Engaging in open conversations with the current CEO about the challenge he or she is facing and discovering the CEO’s views on the challenges of the position will assist in providing specific organisational context to this important role. By building this knowledge the board will be in a better position to understand the CEO succession process.

In addition to building the board’s knowledge of CEO succession, increasing the board’s awareness of the organisation provides a foundation for the decision making required during a CEO succession event. The implementation of a knowledge management (KM) system could assist in this process. KM has four different objectives that include “creat[ing] knowledge repositories, improv[ing] knowledge access, enhance[ing] knowledge environment and manag[ing] knowledge as an asset” (Davenport, De Long, & Beers, 1998, pp. 44-45). According to Yang (2008, p. 345), benefits of implementing this system are:

(a) minimising potential losses on intellectual capital from employees leaving; (b) improving job performance by enabling all employees to easily retrieve knowledge when required; (c) increasing employee satisfaction by obtaining knowledge from others and gaining from reward systems; (d) providing better products and services; and (e) making better decisions.

By building a KM system into the organisation, the board will be in a better position to make key decisions during the succession event.

Board members may also recognise the lack of formalisation described in this thesis as an area for improvement, if their human capital related to succession is low. Recognising the challenges in developing internal successors, boards may benefit from focusing on developing a formalised succession process rather than on a succession plan. The existence of a formalised process reduces the likelihood of panicked decisions being made due to the turmoil that a CEO resignation can cause, especially in the absence of board members used to such
decisions. This process can provide guidance, rather than strict rules, on each of the various phases of CEO succession, accounting for the context of the organisation, and will likely possess flexibility that allows the organisation to adapt to each individual succession event. Additionally, the development of a succession process in advance of a succession event provides the opportunity to integrate strategy more deliberately into the process.

Table 5.3 identifies a variety of methods for the integration of the strategic plan in the succession process. Given the strategy-operational balance that boards struggle to find, a conscious, formalised effort may assist boards in effectively integrating strategy into operational tasks, given that this has not occurred naturally. Clearly, not all recommendations in the table are appropriate for all organisations, and suggestions in the table are meant to highlight possible opportunities to increase strategic thinking in line with succession rather than replace the human component of the succession decision.

Organisation's looking to increase their succession capability can look to increase succession organisational knowledge, create a formalised succession process, and integrate strategy into this process. These steps are outlined in Figure 5.2 which shows how increased knowledge can lead to the ability to create a process, which, with careful planning can integrate strategy into the process leading to increased succession capability and a process that is more certain and less vulnerable as a result of gaps in the board’s knowledge and experience. This process and these recommendations are meant to provide a variety of tools available for organisations to prepare themselves for succession and are not intended to be “best practices” but rather a series of suggestions.
<table>
<thead>
<tr>
<th>Task</th>
<th>Use of Strategic Plan</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of Subcommittee</td>
<td>• Identify board members with knowledge in key strategic areas identified in plan</td>
<td>• Subcommittee with the skills required to evaluate a candidate's ability to implement the strategic plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increased strategic knowledge throughout succession process</td>
</tr>
<tr>
<td>Creation of Job Description</td>
<td>• Use overall strategic directions to frame the role of CEO</td>
<td>• More strategic platform to evaluate candidate applications</td>
</tr>
<tr>
<td></td>
<td>• Use key pillars of strategic plan to guide descriptions of functional areas</td>
<td>• Prospective applicants will have a clearer understanding of the strategic elements of the role</td>
</tr>
<tr>
<td></td>
<td>• Use strategies and goals to develop CEO tasks in each pillar area</td>
<td></td>
</tr>
<tr>
<td>Identification of Desired CEO</td>
<td>• Use the strategic plan to identify managerial competencies required</td>
<td>• Subcommittees will have a clearer vision of the type of person and his or her background, skills and capabilities anticipated to be required for success in the CEO role</td>
</tr>
<tr>
<td>Characteristics</td>
<td>• Scope and vision of strategic plan can assist in developing desired personal qualities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strategic plan can guide functional background of new CEO</td>
<td></td>
</tr>
<tr>
<td>Advertising the position</td>
<td>• Using strategic priorities to identify non-traditional recruitment areas</td>
<td>• Generate a wider pool of candidates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Targeted recruitment may result in candidates more suited for the position</td>
</tr>
<tr>
<td>Preparation of Interview Guide</td>
<td>• The strategic plan can be used to focus the interview on the CEO's ability to achieve the strategic plan's goal.</td>
<td>• The focus of the interview becomes more centred on the ability of the CEO to meet the strategic plan</td>
</tr>
<tr>
<td></td>
<td>• Strategic plan is presented to the candidate</td>
<td>• The candidate is more aware of the overall strategic direction of the organisation</td>
</tr>
<tr>
<td>Short-listing and evaluation of</td>
<td>• Evaluate the candidates based on alignment with strategic priorities</td>
<td>• The committee is less likely to be swayed by personality</td>
</tr>
<tr>
<td>candidates</td>
<td>• Examine candidate's application materials seeking demonstration of awareness of strategic plan</td>
<td>• A more grounded approach will result in a more strategic focused selection resulting in positive strategic performance</td>
</tr>
<tr>
<td>Creation of a performance review</td>
<td>• Key pillars, strategies, and goals can form the basis of the overall review of the CEOs performance</td>
<td>• The added focus of the CEO's own performance being linked to the CEO strengthens the role of the strategic plan in CEO decisions</td>
</tr>
<tr>
<td>process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEO overlap</td>
<td>• The strategic plan can be used as a foundation for discussion between the outgoing and incoming CEO</td>
<td>• The focus of the new CEO is on understanding the strategic standing of the organisation immediately</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The new CEO will feel more prepared to act strategically</td>
</tr>
</tbody>
</table>

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5.5 Limitations

The delimitations of this study, noted in Chapter One, centred on the selection of appropriate case organisations and have implications for the limitations of this research. The transferability of the study (the generalisability and the ability for findings to transfer additional contexts), while likely to remain high amongst similar organisations operating in similar sport systems and environments, cannot be assumed at this stage. The suggestions and findings in this thesis are applicable to the context of this research and may provide a base for extension into other contexts. Additionally, the use of a qualitative method and the primary data collection method raises other possible limitations. While ceding to the call for more qualitative research in CEO succession and recognising the benefits of qualitative research in achieving a deeper level of understanding made the choice of research method a prudent one, there is further work required prior to the full extension of findings to other organisations.
Three cases were used for the examination of the research question. While sufficient data were collected to provide the findings discussed above, it cannot be claimed that theoretical saturation was obtained. The inclusion of a fourth or even fifth case may have provided further context to these findings.

The use of in-depth interviews provided the majority of data for this research. While deep and meaningful findings resulted, the limitations of the selection of interview subjects must be acknowledged. Interviews are reflective and represent personal interpretation of what occurred versus recording of activity and documentation of objective information. Additionally, all interview subjects were involved with the succession and may have a positive response bias. The use of multiple perspectives, triangulation, within each organisation assisted in creating an overall picture of the organisation; it is the opinion of the researcher that the majority of the interviewees were willing to reflect upon the process honestly and without an agenda.

The timing of the research impacts the ability of the researcher to effectively examine the long-term impact of the CEO. As the research took place in relatively close proximity to the succession event, participants’ judgements regarding performance and strategic impact of the CEO were still preliminary.

5.6 Future Research

Future research into the issue of CEO succession within sport organisations can benefit from several methodological pathways. While the extension of this research into a positivist paradigm utilising quantitative methods is logical and would assist in developing the external validity of the results of this research, it may be a difficult and tedious process given the minimal number of people involved in a CEO succession event; further, the infrequency of a succession event may result in difficulty in achieving a suitable sample size.

The continuation of this research into other qualitative methods is more likely to create a depth of research rarely seen in CEO succession and absent entirely from the sport context. Drawing on the issues identified in this research, an action research approach has merit. The interaction of researcher and subject
and the co-creation of theory and meaning are likely to provide a greater insight into the issues that were highlighted in this research. An action research study could work with an organisation to increase its preparedness for CEO succession through increased formalisation of succession protocols outside a succession event. Another approach would entail working with an organisation during this succession event itself.

Additionally, the expansion of the research area outside mid-sized SSOs is recommended and could reveal interesting contrasts between differing organisations. These could include the examination of the impact of size on succession processes through a focus on larger or smaller organisations. Expanding the type of organisation to National Sport Organisations or even outside the context of governing bodies, to include professional sport, public sport bodies, or any other sport context where a CEO exists would be a logical extension of the research field. While these findings were obtained in a nonprofit sport context, there may be an opportunity to examine their relevance outside of the sport sector into the greater nonprofit, charity, and corporate sector.

5.7 Concluding Remarks
The issue of CEO succession within sport organisations had received no known attention in the sport governance research to date, representing a notable gap in knowledge. Drawing on literature related to CEO succession in nonprofit and corporate organisations and intertwining it with the current knowledge of sport governance led to the development of an overall research problem, supported by three more specific research questions.

The research identified that CEO succession in sport organisations is still largely an operational task with limited strategic integration. The outcome of the succession event has been largely dictated by the skills of a few board members enacting a hiring process that does not account for the uniqueness of the CEO position. The Executive Director role of the board was expanded to include developmental and guidance roles in addition to the overly emphasised selection
role. Additionally, CEO succession was identified as being a part of the strategic role of the board as opposed to a separate operational activity. It was concluded that the “strategy-operations balance” experienced by organisations results in a fragmented approach to CEO succession and the integration of strategic thinking into operational activities is the next step in increasing board strategic capability.

A dichotomy of professionalisation appeared within this research. The ongoing professionalisation within sport organisations appears to be CEO-driven, as new CEOs immediately looked to document processes upon the commencement of their role; this is contrasted with the board who possessed few formalised processes for their role in CEO succession.

CEO succession is an inevitable event for a board and as the ongoing professionalisation of sport continues, and the influence of the CEO remains high, this will continue to be a critical moment for organisations. The integration of strategy, the development of formalised procedures, and an increase in board member knowledge may all assist in helping organisations to not only cope, but to thrive, following a succession.
References


Appendices

Appendix A – CEO Interview Guide

| PART A - Personal Background | | |
|-------------------------------|--------------------------------------------------|
| A1.                           | Describe your last five years of employment      |
| A2.                           | What involvement have you had with your current sport/sport organisation? |
| A3.                           | Discuss your education background. Other qualifications? |
|                               | Functional areas? Orgs?                          |
|                               | playing? Coaching? Administration?               |
|                               | Sport mgmt? Business? Other related?             |
|                               | Diplomas? Post-grad?                            |

| PART B - Recruitment Process | | |
|-------------------------------|--------------------------------------------------|
| B1.                           | How did you become aware of the position?        |
| B2.                           | Were you actively seeking a new position when you became aware of the position? |
| B3.                           | How did the recruitment process influence your perception of the org |
| B5.                           | What was the interview process like?             |
| B7.                           | How much strategy was described in the role?     |
| B9.                           | After the interview, how did you feel you would fit within the organisation? |
|                               | Ads? Shoulder tapped?                            |
|                               | Description of role?                             |
|                               | Long-term goals? Strategic plan?                 |

| PART C - Selection Process | | |
|----------------------------|--------------------------------------------------|
| C1.                       | Describe how the position was offered to you. |
| C2.                       | Once the offer was on the table, what did you do? |
| C3.                       | Reasons for accepting the position?            |
|                           | Negotiate terms? Work conditions? Speak to your current employer? |
### PART D - Organisational and Board Profile

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>D1.</strong></td>
<td>Describe the current status of the organisation.</td>
<td>SWOT</td>
</tr>
<tr>
<td><strong>D2.</strong></td>
<td>How is the organisation structured?</td>
<td></td>
</tr>
<tr>
<td><strong>D3.</strong></td>
<td>What are the key areas for the organisation going forward?</td>
<td>challenges? Focus areas? Unimportant areas</td>
</tr>
<tr>
<td><strong>D4.</strong></td>
<td>How have you seen the organisation change in your time in charge?</td>
<td></td>
</tr>
<tr>
<td><strong>D5.</strong></td>
<td>Briefly describe the current status of the board.</td>
<td>Structure, members, elections?</td>
</tr>
<tr>
<td><strong>D6.</strong></td>
<td>What areas of activity does the board currently focus on? Key responsibilities?</td>
<td>operational v strategic, board roles/activities</td>
</tr>
<tr>
<td><strong>D7.</strong></td>
<td>Describe the effectiveness of the board.</td>
<td>Who leads? Dominant Coalition? Strengths? Weaknesses?</td>
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</table>

### PART E - Strategy and the Organisation

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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>E1.</strong></td>
<td>Can you provide a brief overview of the strategic plan?</td>
<td></td>
</tr>
<tr>
<td><strong>E2.</strong></td>
<td>Discuss the plan in more depth</td>
<td>Relevance? Effect on operations? How much is the plan changing?</td>
</tr>
<tr>
<td><strong>E3.</strong></td>
<td>What changes to the plan have you made as CEO and what would you like to make?</td>
<td></td>
</tr>
<tr>
<td><strong>E4.</strong></td>
<td>How do you feel the strategic plan aligns with your personal skills?</td>
<td></td>
</tr>
<tr>
<td><strong>E5.</strong></td>
<td>Did the strategic plan influence your decision to accept the position and vice versa?</td>
<td></td>
</tr>
</tbody>
</table>
### PART F - Transition Process

<table>
<thead>
<tr>
<th>F1.</th>
<th>Discuss your transition into the role of the CEO.</th>
<th>Hardest parts? Easiest parts?</th>
</tr>
</thead>
<tbody>
<tr>
<td>F2.</td>
<td>How much contact have you had with the previous CEO? Did this help/hinder?</td>
<td>Would you like overlap?</td>
</tr>
<tr>
<td>F3.</td>
<td>Discuss how you started your relationships with various stakeholders.</td>
<td>Staff, sponsors, etc</td>
</tr>
<tr>
<td>F4.</td>
<td>What do you wish your board had done/didn't do during the transition process?</td>
<td></td>
</tr>
<tr>
<td>F5.</td>
<td>Describe some of the after effects of your selection and transition</td>
<td>Staff changes? Uncertainty?</td>
</tr>
</tbody>
</table>

### PART G - Board-CEO Relationship

<table>
<thead>
<tr>
<th>G1.</th>
<th>Describe the relationship between the board and yourself</th>
<th>Whole board? Individual members?</th>
</tr>
</thead>
<tbody>
<tr>
<td>G2.</td>
<td>How has this relationship developed?</td>
<td>Board actions? CEO actions?</td>
</tr>
<tr>
<td>G3.</td>
<td>Discuss the power balance between yourself as CEO and the Board, particularly the president.</td>
<td>Dominance? Trust? Control?</td>
</tr>
<tr>
<td>G4.</td>
<td>Do you know if there were any dissenters to your selection and how has this affected your work?</td>
<td></td>
</tr>
<tr>
<td>G5.</td>
<td>What would the organisation do if you were to leave?</td>
<td></td>
</tr>
<tr>
<td>G6.</td>
<td>What do you wish the board did more of? Less of?</td>
<td></td>
</tr>
<tr>
<td>G7.</td>
<td>Have you had any discussion with the board related to your succession?</td>
<td>Illness? Unexpected circumstances?</td>
</tr>
<tr>
<td>G8.</td>
<td>What would you include in a succession planning discussion?</td>
<td></td>
</tr>
</tbody>
</table>

### PART H - Personal Ambitions

<table>
<thead>
<tr>
<th>H1.</th>
<th>How does this position fit into your career path? Where will you go from here?</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>H2.</td>
<td>What do you hope to gain from being in this position?</td>
<td>skills? Contacts? Reputation?</td>
</tr>
<tr>
<td>H3.</td>
<td>What sort of offer would it take for you to consider leaving within the next six months?</td>
<td></td>
</tr>
</tbody>
</table>
Appendix B – Board Member Interview Guide

PART A - Background Information

| A1. Can you provide a brief personal background and your history with the organisation | qualifications, history, roles |
| A2. Describe the current status of the organisation; | SWOT |
| A3. What are the key areas for the organisation going forward? | challenges? Focus areas? Unimportant areas |

PART B - Board Background

| B1. Briefly describe the current status of the board. | Structure, members, elections? |
| B2. What areas of activity does the board currently focus on? Key responsibilities? | operational vs strategic, board roles/activities |
| B3. Describe the effectiveness of the board. | Who leads? Dominant Coalition? Strengths? Weaknesses? |

Part C - Succession Background

| C1. Describe the previous CEO | Role? Strengths/weaknesses? Areas of emphasis? |
| C2. How did the need for a change manifest itself? | reason for departure, notice given |
| C3. Once it was clear a new hire was going to be required, what did the board do? | refer to succession plan? Interim leadership? Board attitude? |
### Part D - Succession Process

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
<th>Relevant Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>D1.</td>
<td>Walk me through the actions of the board/organisation prior to searching for candidates</td>
<td>Compensation, job description, review of organisation, stakeholder consultation, strategic plan, use of resources</td>
</tr>
<tr>
<td>D2.</td>
<td>Describe the process the organisation used to recruit and select a new CEO.</td>
<td>recruiters, subcommittees, short-listing, board involvement</td>
</tr>
<tr>
<td>D3.</td>
<td>What was the interview process like?</td>
<td>key questions? interview guide? 2nd interviews? Administered by whom? Number of interviews?</td>
</tr>
<tr>
<td>D4.</td>
<td>How much and what sort of additional research did you use for each candidate?</td>
<td>creation of documents, evaluation of candidates</td>
</tr>
<tr>
<td>D5.</td>
<td>Describe the role of the strategic plan in the succession process.</td>
<td>Position good for candidate, candidate could do the job, committed to the org, no fatal flaw</td>
</tr>
<tr>
<td>D6.</td>
<td>Why did you choose to hire the candidate you eventually chose?</td>
<td>Farewell to previous? Introduction of new?</td>
</tr>
<tr>
<td>D7.</td>
<td>What was the transition process like from one CEO to the next?</td>
<td>Staff and board turnover? Strategic directions? SWOT then and now.</td>
</tr>
<tr>
<td>D8.</td>
<td>How has this change affected the organisation?</td>
<td></td>
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### Part E - Current CEO

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
<th>Relevant Areas</th>
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</thead>
<tbody>
<tr>
<td>E1.</td>
<td>Describe the current CEO</td>
<td>S/W, Background, Education, Personality,</td>
</tr>
<tr>
<td>E2.</td>
<td>How does the CEO fit with the organisation?</td>
<td>Strategically, Culturally,</td>
</tr>
<tr>
<td>E3.</td>
<td>What changes to the role of the CEO have you seen?</td>
<td>Job responsibilities? The work of others?</td>
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### Part F - Board-CEO Relationship

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<tr>
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<tbody>
<tr>
<td>F1.</td>
<td>Describe the relationship between the board and the CEO</td>
<td>Whole board? Individual members?</td>
</tr>
<tr>
<td>F2.</td>
<td>How has this relationship developed?</td>
<td>Board actions? CEO actions?</td>
</tr>
<tr>
<td>F3.</td>
<td>Compare the working relationship of the board with the new CEO versus the previous.</td>
<td>Dominance? Trust? Control?</td>
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## Appendix C – Coding Structure

<table>
<thead>
<tr>
<th>Governance</th>
<th>Leadership</th>
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<tbody>
<tr>
<td></td>
<td>New Relationship</td>
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<td></td>
<td>Power</td>
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<td></td>
<td>Roles</td>
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<td></td>
<td>Trust</td>
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<thead>
<tr>
<th>Roles of the Board</th>
<th>Community Relations</th>
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<tr>
<td></td>
<td>Executive Director</td>
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<td></td>
<td>Mission</td>
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<td></td>
<td>Planning</td>
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<table>
<thead>
<tr>
<th>Strategy</th>
<th>Fit</th>
<th>Cultural</th>
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<tbody>
<tr>
<td>CEO Interaction</td>
<td>Organisation</td>
<td></td>
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<tr>
<td>Creation</td>
<td></td>
<td>Strategic Fit</td>
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<thead>
<tr>
<th>Previous CEO Input</th>
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<table>
<thead>
<tr>
<th>Succession</th>
<th>Successor Characteristics</th>
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<tbody>
<tr>
<td>Board Attitude</td>
<td></td>
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<tr>
<td>Documentation</td>
<td></td>
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<tr>
<td>Getting Ready</td>
<td>Committee Formation</td>
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<td></td>
<td>Creation of job description</td>
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<td></td>
<td>Desired qualifications</td>
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<td></td>
<td>Use of stakeholders</td>
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<td></td>
<td>Use of strategic plan</td>
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<tr>
<td>Impact of Succession</td>
<td>Using a recruiter</td>
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<tr>
<td>Interim Leader</td>
<td></td>
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<tr>
<td>Next Succession</td>
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</tbody>
</table>

| Post-Selection | Annual Review Process |
|               | CEO Overlap           |
|               | Changes to Strategic Plan |
|               | Induction Sessions    |
|               | Stakeholder Introduction |

| Recruitment and Selection | Advertising the position |
|                          | Interviews               |
|                          | Offer and Negotiation    |
|                          | Selection Process        |
|                          | Short-listing            |
|                          | Stages                   |
|                          | Use of Strategic Plan    |