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### **HOW TO ADDRESS THE SITUATION WHEN INTERIM MANAGEMENT MAY BE NEEDED**

There comes a time in the life of some companies or organizations when they face a critical situation that is either beyond the capability of the current CEO to handle or there is no one in management who has the experience or credentials needed to handle the situation (think “Volkswagen”). Some of the circumstances that could cause this crisis include:

- Sudden vacancy in the CEO’s position due to unexpected resignation, death, serious illness or personal difficulties.
- Retirement of the CEO without a capable successor having been developed and who is ready to step up.
- Serious financial condition and even potential bankruptcy.
- Major law suits or violations of the law or regulations (again think “Volkswagen”).

In many of these cases the Directors or shareholders attempt to address the situation by recruiting a new CEO with the expectation, or at least the hope, that that person will not only be able to “right the ship” but will also remain with the company going forward. However, these are not “business as usual” situations. They often can only be successfully addressed by someone who has dealt with similar circumstances before and who accepts the responsibility of stepping in as the “temporary”, “turnaround” or “interim” CEO.

Who might be potential candidates?

- An outside member of the Board
- A retired CEO who is seeking a short-term challenge
- A consultant with appropriate CEO experience

The qualifications for the interim CEO will vary to some degree depending on the situation but will include some or all of the following::

- Prior experience as a temporary or crisis CEO
- Experience in a particular area i.e., finance, technology, manufacturing, marketing
- Experience in the same or a similar industry – although this is not absolutely necessary if the person understands the nature of the industry
- Experience in negotiating with creditors if necessary.

But the most important qualification of all is the ability, desire and energy to address the situation as quickly as possible and take or recommend both short and longer-term steps to resolve the situation.

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