A HEALTHY APPROACH TO CEO ILLNESS

How should companies cope with a leader's health crisis?

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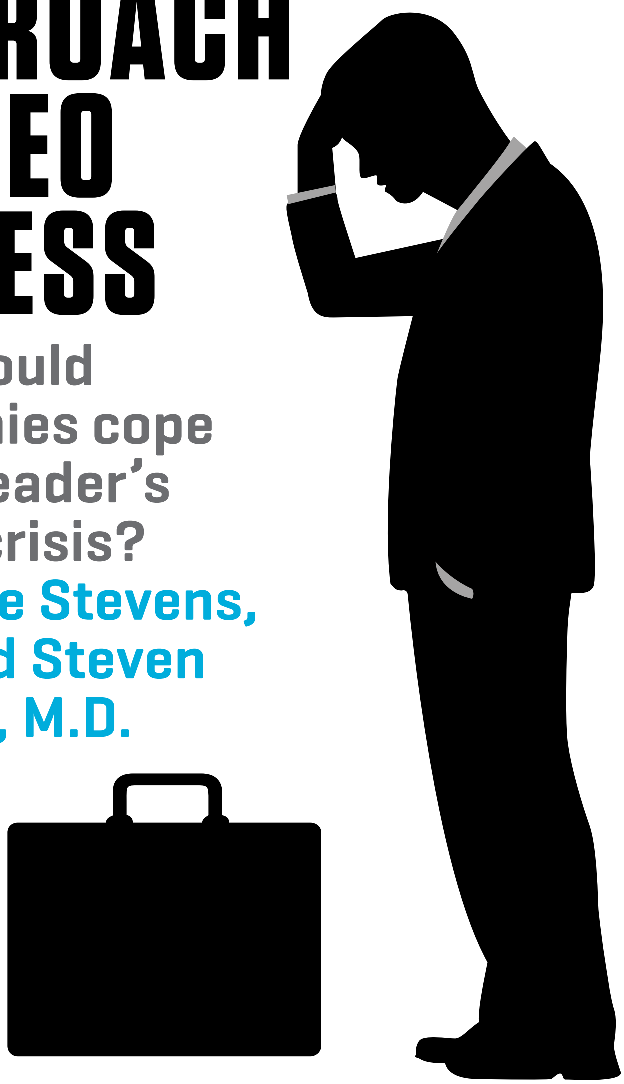

SMITH THOMAS was a highly successful CEO whose firm was a leader in its industry. Seeing himself as invulnerable, he rarely visited his physician and ignored urinary symptoms when they arose. By the time the diagnosis of bladder cancer was made, the cancer had spread and surgery and chemotherapy were necessary.

While Thomas worked whenever possible throughout the course of his treatment, he needed to be away for days at a time for treatment. Having little sense of how his condition was affecting his employees and the company's productivity during this time, he assured his board that he was able to function, despite declining revenues.

Although there was a succession plan in place, Thomas would not step down, even temporarily. The board held out hope that he would quickly recover and resume his position. In the meantime, the company was in a state of paralysis.

How a company handles illness in its CEO is a complicated business and a neglected subject, both in the business literature and in the boardroom. Waiting until a crisis hits and having to make decisions in a highly charged, emotional atmosphere is obviously far from ideal—and yet that's exactly what generally happens.

We like to think of CEOs as forces of nature, super-humans able to conquer any adversity. We don't usually anticipate—or prepare for—any key executive's becoming ill, let alone the CEO. However, a serious ailment raises multiple issues, including whether to disclose the illness, plans for temporary or permanent succession, the effect on public perception and valuation of the company and ethical and legal responsibility to employees and shareholders.

Companies may be slow to address these issues for a variety of reasons. The personality traits that lead a person to become a CEO are often the very same ones that make it difficult to reveal vulnerabilities. Companies and boards dependent on their CEOs for their success may find it difficult to consider how they will function when the CEO is no longer present. Instead, they may deny the problem and in doing so, collude with the CEO in refusing to accept what has befallen him. Often a conspiracy of silence may be the first response.

This is what befell Apple. Steve Jobs' struggle with his illness, his refusal to accept both appropriate treatment and counsel from his board (including Art Levinson, CEO of Genentech at the time and Andy Grove, CEO of Intel, himself a cancer survivor), is well documented in Walter Isaacson's biography of Jobs. It was clear the board was divided about how much to disclose: Al Gore felt they followed advice of counsel and respected Jobs' wishes for privacy; Jerry York, on the other hand, confided

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to the *WSJ*, comments that were only revealed after his death, that he was "disgusted" by the extent of company concealment with regard to Jobs' health problems.

Jobs' approach to his illness contrasts sharply with that of Eugene O'Kelly, former CEO of KPMG who, together with his wife, wrote a remarkable book, *Chasing Daylight*, a forthright account of their last months together following O'Kelly's diagnosis of an inoperable brain tumor. O'Kelly was transparent with his board, notifying them immediately of his intention to step down. This was the prelude to his approach of facing death directly and planning, as a CEO might, for the weeks and months he had remaining, determined to make the most of the daylight left.

For the CEO, illness may be the ultimate challenge and worst fear—a loss of control and an overwhelming sense of powerlessness. Whether a leader is able to cope psychologically with the realities of the illness and the treatment will determine if and to what extent he or she will be able to continue to lead the company and if necessary, make the appropriate decision about passing the baton.

Since a CEO's reaction to a health crisis cannot be predicted—none of us truly knows how we would cope with a serious illness—companies should have plans and policies in place to handle the possibility of a leader's infirmity. The board's concerns must be focused on the sustainability of the company. In situations where the CEO's agenda differs from the shareholders' interests, the board must deal sensitively with the conflict, while addressing it in a straightforward manner.

In addition to having contingency and succession plans and updating them annually—many companies do not—it is critical to create a climate in which discussing "undiscussable" matters is firmly rooted as part of board and company culture.

The board must value and model transparency and "walk the talk"—by demonstrating in its board process and in its everyday work with the CEO—that transparency and honest collaboration are essential to its work and to the culture of the company.

It may be helpful for the board to create a policy in advance on how to deal with CEO illness. Such a policy might include the following considerations:

• The health of the CEO should be seen as part of the board's evaluation process as they review the overall effectiveness and performance of the CEO.

• The board should spell out the process it will use in the event of major illness and make clear the conditions under which the CEO is to report a medical illness to the board. It may be helpful to appoint a subcommittee whose responsibility it would be to orchestrate and facilitate conversations about the impact of the CEO's illness on the company and to take the lead in making concrete plans for what is to happen.

For a more in-depth look at this issue, visit ChiefExecutive.net/MA16CEOIllness

But such policies work most effectively when employed in tandem with the board's establishing and maintaining an emotional climate that encourages a CEO to step forward and directly address the state of his health with his or her board and company, as well as the public. This dialogue generally only takes place when the board has engaged in a serious and robust evaluation process of its own that acknowledges the critical importance of an open and collaborative board dynamic. The recent example of Mary Powell, CEO of Green Mountain Power, clearly demonstrates this approach.

In the spring of 2015, shortly after being named Power-Gen Woman of the Year, Powell spoke openly to her family and colleagues, including 600 employees, about her decision to undergo prophylactic bilateral mastectomy. The procedure ultimately revealed that she was cancer-positive in both breasts. As Powell tells it, sharing her story had a profound, positive effect. Not only did she receive an outpouring of support, but she began a conversation that enabled many to speak up about their own private battles with illness and encouraged people to be proactive about seeking medical attention.

Looking back, Powell told *Chief Executive* that she attributes much of her ability to speak frankly about her illness to a board that mirrors her strong values of openness, authenticity and fidelity. It is the emotional resonance, she emphasizes, between the CEO and board that affirms the value of transparency and vulnerability that is the key to meaningful exchange and effective leadership of a crisis induced by illness in the leader.

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