

Groom, hype your successor; INTEL Mentors potential top execs for years.

At Intel Corp., there's usually little speculation about who will be the next CEO. That's because the company starts considering candidates about 10 years in advance. Consider Paul Otellini, who is expected to take over as the 36-year-old company's fifth CEO when current CEO Craig Barrett retires in May. More than two years ago, the company named Mr. Otellini president and chief operating officer, a position that's historically the last stop at Intel before settling into the top office.

The board of directors plays a critical role in identifying potential leaders early on, giving Intel ample time to groom internal candidates and provide mentoring from the current CEO. "Craig has given most of the day-to-day operational duties over to Paul," says a company spokesman. One critical part of the approach: Prevent talented managers from developing lopsided skill sets. Intel favors a leadership structure it calls "two in a box."

Sometimes two managers with different strengths—one operationally focused, one technical, for example—will lead a business unit and share duties. Says Intel's spokesman: "It's a good chance to take them out of their comfort zone and give them new skills..." "...Someone should come up with a new name for it," says Dean DeBiase, president of Start-Up Partners. "It's not just succession, it's continuance insurance."

Wall Street keeps a close eye on succession plans at large companies. Similarly, small businesses customers and investors like to see leadership continuity. Advisory boards represent a crucial part of succession planning. If business owners take this process on themselves, they will not succeed, says David Weinstein, president of the Chicagoland Entrepreneurial Center.

Business owners need to find people outside their inner circle of family and friends. "It could be two people or 20, but you need people who will ask the tough questions, be there for you to lean on and possibly step in to run the company for a while, if necessary," says Mr. DeBiase.

If you can't imagine letting someone else run your company even for a week, take some baby steps. "Go into your office for the day, shut the door and pretend you're not there" and let someone else take over for the day, says Mr. DeBiase. Do that, and you'll end up with more freedom to visit clients, attend trade shows-anything that requires time out of the office, he says. "You need to set up the infrastructure to give you the freedom to grow your company."

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