Succession Planning Governance Case

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Michael Miller is the founder of a successful international high-tech company in the medical field. His company operates worldwide and has annual sales of 910 million Euros. The headquarters is located in Zurich, and total staff includes 3500, 90% of which are outside Switzerland.

In 2002, Michael Miller's company was successful in acquiring Phamtex International, another family-owned company, headquartered in Fort Worth, Texas.

Phamtex was the biggest competitor with similar sales and headcount figures. The owner had no successor and therefore wanted to sell the company.

Miller offered the CEO position for the new merged company to John Kennedy who was the successful former CEO of Phamtex.

Kennedy accepted the offer under the condition that he remained in Fort Worth and suggested to manage the organization 1 week from Fort Worth and 1 week from Zurich.

Miller agreed with this and the merged company continued to be very successful.

Suddenly, Michael Miller realized that he had no successor for John Kennedy in case of his leave. This was a great risk, because it takes at least 1 year for an outsider to get familiarized with the sophisticated high-tech products of the company.

Michael Miller asks for your advice. What would you recommend to him?

See Martin Hilb: "New Corporate Governance", 5th Edition, Springer Heidelberg/New York 2016, pp. 88–89

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