



# A Crucial Test For CEO Candidates: Will They Be Able To Attract And Build A Strong Team?

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**Rich Stoddart, a director on boards that include Hasbro and Altria, shares timely executive lessons. In this The Director's Chair interview, he explores effective succession strategy for boards, CEO-director dynamics, and how to build strong boardroom chemistry and employee engagement.**

**Reimer: Your background includes being a director, a CEO, and also the interim CEO at Hasbro after the CEO passed away suddenly in 2021. How does that experience as interim CEO inform your thoughts as a director on succession planning?**

Stoddart: If you ask any director about the most important job they have, you will almost certainly hear succession planning. But you don't really understand what that means until one day there is a CEO in a chair and the next day there isn't. You can't plan for that. An unexpected succession process in a compressed timeframe is very intense.

What I learned is how important it is to have done the work ahead of time to plan for succession. That includes evaluating the top potential contenders and having clear assessments and development plans to fill their skill gaps, as well as building a comprehensive map of external talent. That way, when you face a tragedy like we did, you know who the internal candidates are, and you have a sense of the external talent landscape.

**Bryant: Every organization goes through succession planning exercises, but there is often some degree of theater to those discussions. As a director, how do you ensure those conversations are meaningful?**

Stoddart: A big part of succession planning is making sure you have the right mix of skills on the board, including people who have experience with succession. If no one in the boardroom has seen that before, it can feel a little theatrical. If some of your directors have been through it before, they bring an understanding of the critical nature of the situation at the steps that need to be taken.

**Reimer: Sticking with the succession theme, if you had three candidates with similar backgrounds, what are the X-factors that you are looking in the CEO you ultimately choose?**

Stoddart: It starts with having a vision for the future. They need to have strong and clear roadmaps for what the company should and could look like in the next five to ten years so that the board understands what they are betting on.

Second is the person's ability to attract and build a team. Third is having the right orientation and set of values to work constructively with the board. You want a leader who has the right level of accountability and ownership of the outcomes, and transparency with the board about what's really happening.

**Bryant: On that last point, what are the nuances that you really appreciate from CEOs in how they interact with directors?**

Stoddart: When I first became CEO, I realized the board didn't have a good sense of what was really happening in the company. By nature, I'm a pretty transparent guy. So, I decided to be super-transparent with them. I did that for a few board meetings, and then I realized that I had been so transparent that they were getting way too in the weeds on issues.

So, I had to find the right balance. I was the CEO and it was my responsibility to run the company. That's what they were paying to me to do. I needed to be transparent, but in some cases, I needed to trust my instincts and let an issue play out a bit because it might either resolve itself or change course.

From the CEO's perspective, the board has to be managed to some degree or it's chaos. You've assembled a diverse group of people with lots of different experiences and perspectives, and the CEO has to corral them. You have to guide them to an outcome. They want to know what you think, because you're the leader. They want to know what your recommendation is, and their role is to ask questions, help challenge and pressure-test your thinking, and make sure you've fully thought through all the alternatives.

As I heard someone say recently, the CEO's job is to manage the content and the chairman's job is to manage the process. That's a helpful distinction, because sometimes it can get a little unclear.

**Reimer: Building on that, what are the top responsibilities of a chairman?**

Stoddart: The first one is agenda-setting. The chairman has to engage deeply with the CEO to craft the agenda for the meetings, because there are a lot of process requirements around governance. But beyond that, there are critical topics around strategy and direction of the company that need dedicated time.

Second, are there new topics that the board should be discussing with the CEO? Is it time for an AI conversation? Should we be talking about the state of corporate security, particularly given the tragedy at UnitedHealthcare? What is the best use of the precious time that the board has together?

And how do you make sure that every director weighs in on important issues? Because some people talk a lot while others are very quiet. Some people lean in only on topics where they have some expertise. Other people have an opinion about everything. How do you make sure you're hearing from everyone and driving engagement?

**Bryant: You obviously have a tremendous amount of drive and ambition. What were important early influences for you that shaped your approach to leadership?**

Stoddart: I grew up as a typical Midwest middle-class kid, and life was pretty fine. Until it wasn't. My dad lost his job and couldn't get another one. There was no money. We had to sell the house. So for me, working hard and achieving is kind of existential.

**Reimer: What are the qualities you're looking for in a potential director?**

Stoddart: There are two big buckets. The first is skills, and what they're going to bring to the table. That's pretty easy to assess by looking at their background and what they've done. Then you're checking for how they'll show up in the boardroom, because there are certain archetypes. There's the quiet person who is super-smart, and when they speak, everyone listens. There's the person who needs to hear themselves talk and dominates the conversation. Then there are people who work behind the scenes to help make the board run cohesively. And there are collegial people who agree with everything but add little value.

So how is the person going to show up in the room? Because when you bring on just one new director, the chemistry of the group will change. It's this ineffable quality called fit and putting together the right mix of people and expertise to create maximum value.

**Bryant: One of your responsibilities as a board member is to provide some coaching and mentoring to the CEO. What are the key themes there for you?**

Stoddart: The primary theme is around feedback. CEOs don't get a lot. And while all of them say they want feedback; some want it more than others. You're dealing with people who have had a lot of success. So, you have to deliver feedback in a constructive way that can be understood and acted on in the context of the current company situation.

**Reimer: Over the last four years, we've had the Great Resignation and #QuietQuitting. A lot of employees seem to be rethinking their relationship with their employer and their job. As a director, how do you see that playing out?**

Stoddart: Perhaps an analogy helps here. I think there are two kinds of people when they go to buy a car. Some people just want a car for transportation from point A to B, while others want to own a car that gives them joy. I think work is the same. There are people who see a job as a way to fund their life. They have a skill, and they use it, and they generally don't put more into their job unless they see something in it for them.

And then there are people who do the work because they love the work. And so, the challenge for employers is to give people meaningful opportunities to help them exercise their passion and reward them for that. Passion leads to commitment, which is invaluable.