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Building a Better CEO

When Grooming Rising Stars, Companies Ask Coaches To Say the 'Un-Sayable'

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MINNETONKA, Minn.—Wade R. Fenn, a rising star at **Best Buy** Co., wants to be CEO of the consumer-electronics retailer. Top management also views him as a strong candidate to run the company one day.

But his superiors believe that before he can lead well, this self-styled corporate revolutionary must learn to follow. So once a month, the 41-year-old executive vice president of marketing spends a few hours with an industrial psychologist.


Wade R. Fenn

During a recent session at a hotel here, the topic is a disagreement with his boss, 50-year-old President Brad Anderson. Mr. Fenn tells his **executive coach, Christina D. Williams**, that he wanted Mr. Anderson to put an e-commerce manager on a new team overseeing Best Buy's stores while senior management explores other ways to expand. But Mr. Anderson didn't take his advice.

Once, such a rebuff would have prompted Mr. Fenn to conduct a campaign of rebellion and discontent behind the scenes. But this time, Mr. Fenn tells Dr. Williams, he did something different: He promised his boss his full support. "I was exhibiting followership," Mr. Fenn adds. **Dr. Williams, a consultant with RHR International** Co., nods approvingly. A conciliatory approach "gets some discussion on the table," she replies, "It wasn't happening a while back."

Best Buy, **Dow Chemical** Co., **Colgate-Palmolive** Inc. and other big companies are starting to put more time and money into the job of grooming future CEOs. They are mapping out extensive leadership-training programs, mentoring by senior management and long-term executive coaching—measures that in the past were used mainly to fix problems after they occurred.

The leap from operational head to chief executive "is not incremental. It's quantum," says **Thomas Saporito, senior vice president at RHR International.** The Wood Dale, Ill., consulting firm has been working with at least 40 executives from companies including Best Buy for periods of at least two years.

CEO succession plans have been failing right and left lately. In just the past few months, seconds-in-command at **Mattel** Inc., **Coca-Cola** Co., **Toys 'R' Us** Inc. and **Humana** Inc. all fell from grace after relatively brief stints as chief executives. Each one had enjoyed a string of successes before taking command—and then exited under fire.

Best Buy, the nation's No. 1 consumer-electronics retailer, is trying to avoid such a situation before it arises. Since 1997, the Eden Prairie company has spent nearly $10 million on executive coaches for all 67 corporate officers—from vice presidents on up through Richard M. Schulze, the 59-year-old chairman, CEO and founder.

Best Buy says there isn't any time frame for its succession plans: It may be years before Mr. Schulze relinquishes the CEO post, and when he does, Mr. Anderson is in line for the job ahead of Mr. Fenn. But unlike companies where a founder runs the show and resists succession planning, Best Buy is preparing early for its first transfer of power and for others to come.

Senior executives realized they weren't speaking frankly to younger colleagues about shortcomings in personality and management style, often because they lacked the time and the guts. Doling out such criticism "has been very hard for us," explains Mr. Anderson, a 27-year Best Buy veteran and its president since 1991. Yet it must be done. "You want the second generation to supersede the first," he says. Coaches "say the unsayable to us."

A young-looking man whose dark hair curls over his collar, Mr. Fenn hasn't been officially designated a future CEO of Best Buy. But his career is getting extra attention from superiors. And his progress, coinciding with Best Buy's attempts to move fast from being an old-fashioned store chain to a New

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