



**Victorian  
Public Sector  
Commission**

# **Recruiting a CEO**

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# About This Guide and Key Terms

## About this Guide

This guide has been designed to help Victorian public sector Board Chairs and Directors conduct the CEO recruitment process. A companion guide focuses on assessing CEO performance. Both guides provide prompts and reminders for Board Directors, especially Chairs, who already have some skills and experience in conducting recruitment processes, evaluating performance, and providing constructive feedback.<sup>1</sup>

While these guides focus on recruiting and assessing the CEO, the processes and principles described also apply to the recruitment and performance assessment of other senior executives. (In which case the roles ascribed in these publications to the Chair and Board would be undertaken by the CEO and executive team.)

## Key Terms

Term	Description
Board	In the case of a public entity that has a governing body, that governing body. In any other case, the members of the public entity or, in the case of a Commissioner entity, the person who comprises the Commissioner entity.
Board Director	In relation to a public entity, means a member of the Board of the public entity.
Board Secretary	An employee of an entity whose duties in whole or in part are to act as secretary to the Board of the entity.
CEO	Chief Executive Officer.

Term	Description
Chair	The person appointed by either a Minister as the Chair of the Board, or elected by the Board.
Enabling legislation	An Act of Parliament, set of regulations, statutory instrument or other document setting out the powers, functions and organisational structure of an entity.
Executive search consultant	A consultant with specialist expertise in sourcing and evaluating candidates for senior executive roles.
GSERP	The Government Sector Executive Remuneration Panel. The panel supervises the Government's policy on executive remuneration for Public Entities in the Victorian Public Sector.
Recruitment sub-committee	A sub-committee of the Board charged with managing the process of recruiting the CEO.
Selection panel	The people involved in interviewing candidates and referees, reviewing evidence of candidate capability, and ranking candidates on the basis of the evidence collected. The selection panel may comprise members of the Board and people from outside the organisation with relevant expertise.



## Footnotes

1. The people involved in interviewing candidates and referees, reviewing evidence of candidate capability, and ranking candidates on the basis of the evidence collected. The selection panel may comprise members of the Board and people from outside the organisation with relevant expertise.



# The Recruitment Process

## The Recruitment Process

The recruitment process involves four key phases: preparation; attracting and assessing candidates; decision making and negotiation; and communication and transition.<sup>1</sup>

The different activities are shared among different bodies: the whole Board; the recruitment sub-committee; the executive search consultant (or those performing these duties); the selection panel; and the Board Chair. The Chair should also be a member of the recruitment sub-committee and selection panel.

This chapter highlights the sequence of activities to be undertaken as part of the CEO recruitment process and who should undertake them. The remainder of the publication provides further commentary about the most important aspects of the process.

## Preparation

### Establish a recruitment sub-committee

The whole Board establishes a recruitment sub-committee with responsibility for making key decisions about the recruitment process and keeping the process on track.

The whole Board establishes clear terms of reference which specify the authority given to the sub-committee, the decisions they are able to make, and when and how they need to consult with the full Board.

### Establish the brief

The whole Board meets to develop and agree upon a succinct statement about:

- the organisation, its operating environment and future directions
- key accountabilities of the CEO role (based upon analysis of the operating environment and future directions)
- key selection criteria (KSC) for recruitment (based upon analysis of the operating environment and future directions)
- statements about 'fit'

- what the organisation is able to offer the successful candidate
- other relevant information.

(See also [Developing the brief](#) and Appendix C CEO recruitment brief template.)

## **Check legislation**

The recruitment sub-committee reviews the enabling legislation and modifies the processes outlined in this chapter to accommodate any particular requirements contained within the legislation.

The legislation may, for instance, specify a role for the portfolio department or its Secretary in the recruitment process. The committee should consult with key contacts within the relevant Victorian Public Service (VPS) department about when and how they could be involved with the process.

## **Develop a project plan and contingencies**

The recruitment sub-committee establishes a timetable for key steps and who will be involved in each of them.

The committee also establishes contingencies in case it takes longer than anticipated to appoint a CEO, for example, a suitable candidate cannot be found or the candidate has to fulfil obligations to their current employer before being able to take up the new role. The contingency plan should identify how the CEO tasks will be undertaken until a permanent appointment can be made (typically by having a senior staff member act in the role, extending the contract for the current CEO, and/or putting new initiatives on hold).

## **Establish employment terms and conditions**

The recruitment sub-committee establishes clear terms and conditions for the appointment in line with the Government Sector Executive Remuneration Panel (GSERP) guidelines or VPS executive remuneration rates (as appropriate).<sup>2</sup>

The sub-committee, with GSERP advice, determines remuneration parameters for negotiation; that is, what can and cannot be offered as part of the employment package.

## **Engage an executive search consultant (optional)**

It is not mandatory to engage an executive search consultant. However, there are

significant benefits in terms of time saved, increased capacity for a wider search for candidates, and more rigorous and impartial candidate evaluation. The recruitment sub-committee undertakes the work to engage an executive search consultant. (See also Chapter 3, 'Using an executive search consultant'.)

Where the decision has been made not to use an executive search consultant, the recruitment sub-committee needs to determine who will undertake the tasks ascribed to the executive search consultant in this chapter. Typically the tasks may be shared among members of the sub-committee, the Board Secretary and other employees of the organisation (as appropriate). Chapter 3 may also be helpful in thinking about these tasks and who should undertake them.

## **Set up the selection panel**

The recruitment sub-committee identifies and approaches appropriately capable people to form the selection panel. The recruitment sub-committee should also task someone to undertake arrangements for meetings of the selection panel for conducting interviews, including blocking time in diaries as soon as possible.

## **Approve the preparations**

The recruitment sub-committee briefs the whole Board about the preparations.

The whole Board approves the work and decisions taken by the Recruitment sub-committee to date. It endorses commencement of the next phase based upon this preparatory work.

# **Attracting and Assessing Candidates**

## **Create a position description and promotional material**

The recruitment sub-committee (or executive search consultant if being used) prepares documentation informing potential candidates about the role including a position description and promotional material. This is based upon the brief established by the Board and employment terms and conditions prepared by the recruitment sub-committee in the preparatory stages.

## **Attract candidates**

The recruitment sub-committee (or executive search consultant if being used), the Chair and individual Board Directors encourage candidates to express interest in applying for the



role through:

- direct contact (directly inviting people to apply)
- indirect contact (for example, messages sent through various networks) and advertising.

## **Collect evidence**

The recruitment sub-committee (or executive search consultant if being used), working in collaboration with the selection panel, collects, validates and interprets evidence about each candidate's abilities. The evidence typically includes, but is not limited to:

- written documents provided by the candidate, authored by the candidate, written about the candidate
- interviews with the candidates
- interviews with referees.

(See also [Considering candidates](#)).

## **Create a short-list**

The selection panel determines which candidates meet the key selection criteria best; in other words, identify which candidates who could 'on paper' perform the role.

## **Review short-list**

The whole Board reviews the short-list and the rationale leading to its creation. It approves commencement of the activities that follow.

## **Communicate with candidates not short-listed**

The recruitment sub-committee (or executive search consultant if being used) advises the candidates who do not meet the key selection criteria (that is, those who are not short-listed) that they are unlikely to be considered further in this recruitment process and explains the reasons for this decision.

## **Assess fit (second interviews)**

The selection panel conducts second interviews with short-listed candidates (those who meet the key selection criteria best) and referees. The purpose is to investigate the extent



to which short-listed candidates will 'fit' with the organisation, the Board and the work ahead.

## **Final checks**

The selection panel or Board secretary ensures that due diligence has been undertaken. In particular, checks need to be undertaken to validate candidate claims about qualifications, awards, and eligibility for employment. (See also Chapter 5, 'Before making the decision'.)

## **Decision Making and Negotiation**

### **Rank candidates**

The selection panel draws upon the second interviews to determine which short-listed candidates will and will not 'fit'. They rank the candidates on the basis of best fit with current and future needs as described in the original brief and subsequent documents describing and promoting the CEO role.

### **Approve the candidate ranking**

The whole Board reviews the ranking of the short-listed candidates and the rationale for this short-listing. If satisfied with the rationale for the ranking, it approves offering employment to the preferred candidate. It is good practice to have the preferred candidate meet the whole Board prior to an offer of employment being made. This provides a final opportunity to identify and address any potential problems regarding fit.

### **Make an offer and negotiate**

The Chair makes an offer of employment to the preferred candidate, negotiates terms and conditions of employment and ensures that GSERP approval has been obtained.<sup>3</sup>

The candidate will accept or reject the offer.

If the candidate does not accept the final offer, the Chair consults with the whole Board to obtain approval to make an offer and commence negotiations with the second preferred candidate (and so on).

If none of the preferred candidates accept the offer, the contingencies established by the recruitment sub-committee in the preparatory stage are put into place.

The whole Board reviews the reasons for the failure to appoint and determines ways in

which the aspects of the process should be modified to address identified problems.

## **Document the recruitment process and decisions**

The recruitment sub-committee or Board secretary ensures that the documents created as part of the process are collected and stored in line with requirements for dealing with public records. (See Appendix C, 'Documentation'.)

## **CEO Transition**

### **Communicate the decision**

The Chair provides feedback to the successful candidate. This feedback should include an explanation about what made them the preferred candidate (that is, their strengths) and any areas of weakness that became evident through the recruitment assessment activities and will need to be addressed through development activities once in the role.

The Chair also provides feedback to the unsuccessful short-listed candidates. This gives something back to candidates who have invested time and effort into the process. Feedback should include an explanation about where they came in the final ranking, reasons for this ranking and how they might strengthen their candidacy for similar roles in the future.

The Chair announces the appointment decision to the organisation's staff and key stakeholders.

### **Assist with the change of CEO**

The whole Board farewells the outgoing CEO. This will ensure that the outgoing CEO is inclined to continue contributing to the success of the organisation – by promoting its interests, helping the new CEO get up to speed and so on – even after they have left.

The Chair helps the new CEO transition into their new role, including having them meet the whole Board, either as a group or individually. (See also [Setting the CEO up for success](#)).

## **Footnotes**

1. See also [Best practice recruitment and selection toolkit](#) (State Government of Victoria, 2008).
2. See [executive and remuneration guidelines and resources](#).

3. See executive and remuneration guidelines and resources.

# Developing the Brief

## Developing the Brief

Before the board can start work to attract and recruit a new CEO, it must discuss and come to agreement about what the CEO will need to do – in light of the organisation’s future – and the type of CEO that will be right in this situation.

More, specifically, the Board needs to come to an agreement about the following:

- **The organisation**

Succinct statements about the form, scale, powers, authority, functions, limitations, relationships, deliverables, compliance requirements, character and culture.

- **The operating environment**

Succinct statements about the nature of the environment in which the organisation operates, including commentary about recent or impending changes.

- **The organisation life-cycle stage**

Succinct statements about significant recent achievements, challenges and changes, the characteristics that the organisation will need to have in the future (in response, for example, to changes in the operating environment or demands placed on the organisation), and the nature of change required to get from the present to the future state.

- **Key accountabilities for the CEO role**

Succinct statements about the most important things upon which the CEO will have to focus in light of what the organisation needs to achieve in the future.<sup>1</sup>

- **Key selection criteria for CEO recruitment**

Succinct statements about the most important qualities, knowledge and skills the CEO will need to possess on commencement in the role in light of the organisation, its environment and its future. The key selection criteria will provide the first basis upon which candidate suitability is assessed.

- **What a good ‘fit’ for the CEO will look like:**

Succinct statements about the personality, character traits, reputation, motivation and aspirations the CEO will need to have in light of the organisation, its environment and its future.

- **What will be offered to attract good candidates**

Succinct statements about what the organisation can offer and will appeal to desirable

candidates, for example, career opportunities, status, professional development, flexible working arrangements and salary.

- **Other relevant information**

Succinct statements about factors that potential candidates need to know, including information about the physical location of the role, requirement for travel, usual work hours and any particular employment initiatives that provide the basis for encouraging candidates from particular demographics to apply.

A template is provided at [Appendix A](#) to help document Board agreements and to use in briefing the executive search consultant, the selection panel and candidates.

## Footnotes

1. For a detailed outline of the CEO's accountabilities see *Serving Victoria: A guide for public sector CEOs* (State Government of Victoria, 2011).



# Getting Underway

## Whether or Not to Use an Executive Search Consultant

An executive search consultant can be engaged to undertake a range of tasks. These include attracting candidates to the role, undertaking initial assessments of the candidates, preparing a shortlist, assisting with collecting and interpreting more detailed evidence about candidate capability and 'fit', and record keeping.

A good executive search consultant will bring expertise, an objective perspective and additional human resources to what is a complex and time consuming process. Given the time and effort involved in finding the 'right' CEO, and the cost of recruiting the 'wrong' CEO, there can be a good business case for spending money on an executive search consultant. This can especially be the case if the organisation is large, has a high profile or the operating environment is especially complex.

But there can also be a good business case for conducting the process without using an executive search consultant. If, for example, the organisation is small, its work relatively straightforward, and there is already an easily accessible pool of strong candidates for the CEO role, then an executive search consultant may offer little value.

There is no requirement for public sector Boards to engage an executive search consultant to assist with the recruitment of a CEO. It is a decision that the Board must make.

In any case, even if an executive search consultant is engaged, there are certain tasks that members of the board cannot outsource. No executive search consultant can undertake the tasks for which the Board are solely responsible. An executive search consultant cannot and should not be asked to undertake the following:

- **Identify the strategic direction for the organisation**

Only the Board can establish the organisation's strategic direction.

- **Conduct all the meetings (interviews) with candidates or referees**

The Board, and especially its Chair, must have direct contact with the potential candidates and their referees prior to determining a final ranking of candidates.

- **Make the decision about who to recruit**

Only the Board can make this decision, drawing upon advice from the selection panel.

- **Negotiate the terms and conditions of employment**

The Board Chair should conduct the final negotiations (noting that the consultant should be able to provide salary parameters and other information about terms and conditions during their initial contact with prospective candidates).

## **Before Assigning Key Tasks**

If the Board has decided to engage an executive search consultant, they will need to establish a close working relationship with them. It is important, therefore, that the recruitment sub-committee invests time and effort into evaluating the capacity of executive search consultants to work with the Board, its Chair, the recruitment sub-committee and selection panel.

This section provides some questions that the Chair or other members of the recruitment sub-committee can ask an executive search consultant when considering whether or not to engage them.

If the Board has decided not to use an executive search consultant, then these questions can serve as a checklist for engaging, briefing and establishing the working protocols for whoever has carriage of the various tasks normally given to an executive search consultant.

### **Understanding the organisation**

#### **What actions will you take to gain an understanding of the organisation and the CEO role?**

##### **What do you want from us?**

A good executive search consultant will want to have separate meetings with the Chair, selected members of the Board, potentially some senior staff, and possibly one or more external stakeholders in order to understand the requirements of the organisation (the brief).

A good executive search consultant will also:

- know the industry and public sector and how other CEOs in similar roles/organisations operate
- be aware of current events relating to the organisation, industry and public sector
- have experience recruiting at CEO and Board level for similar organisations.

A good executive search consultant will acknowledge the limits to what they can do and

their capacity to succeed in their work is determined by the capacity of the Board to clarify organisational needs and participate in the decision making process.

## **Efforts to find candidates**

### **What activities will you undertake to seek candidates who are not actively looking for a new role?**

A good executive search consultant will have a variety of strategies for seeking candidates who may not be actively looking for a new role or who are not already on their database of known job seekers. These strategies could include: print media in leading and relevant newspapers, social media sites (for example, LinkedIn, Facebook, and industry forum sites), referrals, networking, and database searches.

## **Candidate Management**

### **Describe how you manage candidates.**

A good executive search consultant will have a system for ensuring regular communication with candidates throughout the process. They will also be able to identify what information they provide candidates at different stages to ensure candidates have an accurate understanding of the role and its challenges while remaining engaged with the process.

## **Expertise in evaluating CEO capabilities**

### **What is your methodology and the research basis for your approach to the assessment of candidate capabilities and fit?**

A good executive search consultant will have a research basis for their work and be able to communicate ideas and concepts in ways that immediately make sense to the Board Chair and members of the CEO recruitment sub-committee.

## **Values**

### **How do you assess the extent to which candidates have a moral compass, that is they will accept and behave in accordance with the values of the organisation and the public sector more generally?**

A good executive search consultant assisting with public sector CEO recruitment will have good working knowledge of the [Public Administration Act 2004](#). They will have developed techniques for assessing the alignment between candidate values and those of an organisation.

## Reference checking

### **Describe how you reference check potentially suitable candidates.**

This will vary. A good executive search consultant will, at a minimum, use reference checks to verify a candidate's experience and claims about capability and behaviour. A good search consultant will also change the questions that they ask referees in order to investigate areas of a candidate's capability about which there is little clarity or cause for concern.

## Working protocols

### **How will you deal with a situation in which you feel that a candidate suggested by a Board Director (or other influential stakeholder) is not suitable for the role?**

A good executive search consultant will accept that there may be a situation where a candidate put forward by an influential stakeholder may not meet the requirements of the CEO role. In such cases a good executive search consultant will be prepared and able to justify their assessment in terms of evidence that relates to the key selection criteria.

## Commitment to outcomes

### **What is your payment schedule?**

A good executive search consultant will provide a payment schedule that ensures commitment to the organisation's best interests. For example, the payment schedule may be based upon achievement of key milestones such as creation of the short-list; the appointment of a candidate from the short-list created by the consultant; and upon the newly appointed CEO's successful completion of their probationary period.



# Considering Candidates

## Considering Candidates

Each of the candidates need to be considered in terms of the extent to which they meet the key selection criteria and aspects of 'fit' previously established by the Board and documented in information published about the role.

### Sources of Evidence

The assessment of each candidate's capacity to perform the role must be undertaken through careful consideration of as much evidence as can be collected. Each piece of evidence should be considered on the basis of what it says about the candidate and how it confirms or contradicts other evidence to create a complete picture of the candidate.

Common pieces of evidence include the following:

- **The candidate's work history**

Consideration of the overarching narrative of their career including the nature of roles held, sequence of roles, time in roles, and the reasons for gaps in employment.

- **Published statements**

Including articles, social media postings (for example LinkedIn, Facebook and blogs) and quotes accurately attributed to the candidate.

- **Credible third party insights**

These can be solicited (that is, referees) and unsolicited (for example, media reports or other comments made in a public forum about the candidate). The strongest insights come from people who have little to gain or lose by the candidate accepting the CEO role.

- **The candidate's conduct** at interview and in other interactions.

- **Formal background checks** such as police checks and security clearances as required.

- **Performance in tests**

These include: cognitive ability tests, which provide information about thought processes; psychometric tests, which can provide evidence about capability and 'fit'; and scenario exercises (such as in-tray exercises, 'day in a life' role plays, mock meetings, or asking candidates to create a business plan), which can provide information about a candidate's work style and capacity to perform under pressure.

While formal tests for CEO recruitment are common in some industries, their acceptance is not universal and may be met with resistance by some candidates.

## Interviewing

Conducting interviews is an important part of the recruitment process. Interviews provide the opportunity for the candidate to talk about their suitability for the role in terms of the key selection criteria. They also provide an opportunity for the selection panel to gain an insight into the candidates' potential for 'fit'.

In a recruitment process for the CEO role, strong candidates are typically interviewed at least twice. The initial interview is used to establish the extent to which a candidate meets the key selection criteria. Subsequent interviews are used to explore aspects of fit. They are also used to investigate evidence about a candidate's capabilities that may be vague, confusing or in other ways are a cause for concern for members of the selection panel.

While a candidate's record of achievement is important, past successes do not always guarantee future ones. It is important, therefore, to investigate a candidate's record of achievement in terms of behaviours that can and will be applied to future tasks and challenges.

Behavioural interviewing is the approach identified through research as being the most effective. The primary focus is on transferable behaviours—how the candidate thought about the situation and acted in response to it—rather than on the specifics of the situation or results (although these are, of course, of interest).<sup>1</sup>

A common behavioural interviewing technique is 'STAR' questioning (situation, task, action, result). In this approach, the candidate is asked to describe a situation and the tasks required of it. They are then asked to describe the particular actions they identified and undertook to address the situation and the results they achieved.

Information and evidence obtained through interviews, while important, should not eclipse information and evidence obtained from other sources. Rather insights gained through the interviews should be combined with other pieces of information to create a whole picture about the candidate. Assessments of the candidate's capacity to perform the role should then be made on the basis of this whole picture.

## Investigating Concerns

It is important not to accept or dismiss evidence about candidates at face value. The table

that follows highlights some situations that, while they should not automatically exclude a candidate, warrant further investigation because they may impact the candidate's capacity to perform the role, their credibility, their fit or their capacity to establish productive working relationships.

<b>The candidate has ...</b>	<b>Questions to ask</b>
<b>had predominantly private sector experience</b>	<ul style="list-style-type: none"> <li>• What makes them sure they will be able to succeed in the public sector environment?</li> <li>• What additional support or development will be required to build their capacity for working as a CEO in the public sector?</li> </ul>
<b>had a significant period out of paid employment</b>	<ul style="list-style-type: none"> <li>• Is there a credible reason for this break in paid employment?</li> <li>• If the reason was because of work-related health problems, have they put strategies in place to manage the cause and effect?</li> </ul>
<b>been associated with a significant failure</b>	<ul style="list-style-type: none"> <li>• What was the nature of this failure and its causes?</li> <li>• Is the association between the candidate and the failure strongly linked in the minds of key stakeholders to an extent that it would prevent them achieving credibility in the CEO role and/or diminish the reputation of the organisation?</li> <li>• Is there strong evidence that the candidate has satisfactorily addressed aspects of their leadership capability or behaviour to the extent that a similar failure would not occur again?</li> </ul>



## **The candidate has ...**

## **Questions to ask**

**been associated with comments criticising the current Government, the public sector and/or the organisation**

- What was the nature of these comments?
- Were they expressed so strongly that they are likely to prevent the candidate establishing credibility and a working relationship with key stakeholders?

**refused a request for contact with a person not identified as a referee**

- Has the candidate provided a credible reason for refusing the request?
- Does this reason suggest that the candidate is not trustworthy or does not have the capacity to work with others?

**been convicted of a crime**

- What is the nature of the crimes for which the candidate has been convicted?
- To what extent would their crime impact on the capacity of the candidate to undertake the CEO role or establish credibility among stakeholders?

**behaved inappropriately in the past**

- What was the nature of the inappropriate behaviour?
- Was it an isolated occurrence or is there evidence of a pattern or trend?
- To what extent would the behaviour impact on the capacity of the candidate to accept the accountabilities of the CEO role or establish credibility among stakeholders?



### **The candidate has ...**

### **Questions to ask**

**possible conflicts of interest  
(for example, commercial  
interests, personal  
affiliations or board  
appointments)**

- What measures will be put in place to manage actual (or perceived) conflicts of interest?

## **Footnotes**

1. Information sheets prepared by the Victorian Public Sector Commission providing practical advice about conducting recruitment interviews may also be of assistance. These are available from [www.vpsc.vic.gov.au](http://www.vpsc.vic.gov.au)



# Before Making the Decision

Before the selection panel makes a decision about the final ranking of the candidates, and the Board makes a decision about which candidate will be offered the role, it is important to ensure due diligence has been applied. The final checks should include the following:

## **Key selection criteria and other aspects of 'fit' have been met**

There is no doubt that the preferred candidate meets, satisfactorily, each of the key selection criteria identified for the role and will be a good fit for the organisation, its operating environment and its future.

## **Multiple sources of evidence considered**

Information about meeting key selection criteria and 'fit' has been obtained from a number of sources, including, at least, curriculum vitae, interviewing the candidates, and speaking to several referees.

## **Documents in the public domain reviewed**

Research has been undertaken to identify and review material published by and about the candidate for the purpose of identifying any risks to reputation or behaviour that may be of concern. Search of information published on the internet, for example on a social media site or blogs, have been undertaken.

## **Proof of identity checks completed**

The identity of the candidate has been confirmed to ensure that the person is who they claim to be and to the extent required for security and similar considerations. For example, at minimum, an original birth certificate, passport or driver's licence has been sighted.

## **Qualifications or awards checked**

If particular qualifications or awards have been included in considerations about the candidate or are used by the candidate in their pre or post-nominals (for example 'Dr.' or 'OA'), then a member of the selection panel or Board Secretary has sighted original documents that confirm the qualification or awards and copies placed on file. Checks have also been made to confirm that the institution conferring the qualifications or awards actually exists and has the authority to issue the particular qualification or award.

## **Police and other security checks undertaken**



The candidate has undertaken (and passed) police and other security checks as required for the role and copies of the relevant paperwork placed on the file.

### **Eligibility for employment in Australia**

If the candidate is not an Australian citizen, a member of the selection panel or Board Secretary has sighted original documents that establish the candidate's capacity to work in Australia and copies of the relevant paperwork placed on the file.

### **Met the Chair**

The preferred candidate has met the Chair, preferably informally and outside an interview situation, for a final opportunity to identify any potential misunderstandings, communication difficulties, personality clashes, or other areas of concern. The meeting also establishes the groundwork for a good working relationship when and if the preferred candidate is appointed.

### **Met the Board**

This is highly desirable, again to ensure 'fit'.



# Setting the CEO Up for Success

Regardless of how capable and confident the new CEO appears, any new CEO will benefit from having the Chair and others help them understand their new environment and how to adapt to it.

The following table highlights the key areas upon which the new CEO will need to focus as they move into their new role.

<b>AREA OF FOCUS</b>	<b>INFORMATION FOCUS</b>	<b>SOURCE OF INSIGHTS</b>
<b>Feedback from recruitment</b>	Explanation about the rationale for selecting the new CEO for the role (what was it that put them at the top of the list) and areas that emerged during the recruitment process that the new CEO would need to develop.	The Chair
<b>Performance expectations</b>	Outline of key performance indicators (KPIs).	The Chair
<b>Governance</b>	The authority and responsibilities of the Chair, the Board, the CEO, the relevant Minister, the department and the protocols governing the relationships.	The Chair; the outgoing CEO; senior departmental staff; other public sector CEOs



AREA OF FOCUS	INFORMATION FOCUS	SOURCE OF INSIGHTS
<b>Political landscape</b>	Emerging issues and key players.	The Chair; the outgoing CEO; executive staff; senior departmental staff; members of parliament
<b>Organisational activity</b>	Current activities, the impacts of these activities and key issues. The need for activity in the future, drivers of this need and key issues.	Executive staff; outgoing CEO
<b>Finance</b>	The financial health of the organisation, sources of income and risks to this income.	Chief Finance Officer
<b>Workforce performance and development</b>	The profile of the organisation's current workforce (skills, age, retention/turnover, internal movement). The capacity of the workforce to continue delivering in the future including workforce and succession risks and actions in place to address these risks.	Executive staff; HR manager; other staff in the organisation.



AREA OF FOCUS	INFORMATION FOCUS	SOURCE OF INSIGHTS
<b>Public relations</b>	Recent and current presence in the media and issues arising from this.	Communications manager; executive staff
<b>Knowledge management</b>	How information relevant to the organisation's performance is collected and shared.	Executive staff

The Victorian Public Sector Commission's *Serving Victoria: A guide for public sector CEOs*<sup>1</sup> contains advice and checklists that will provide information to assist the new CEO achieve success in their role.

## Footnotes

1. Victorian Public Sector Commission, *Serving Victoria: A guide for public sector CEOs*, (State Government of Victoria, 2011).



# Appendix A: CEO Recruitment Brief Template

This [template \(PDF, 539KB\)](#) can be used to steer and document the Board’s conversation about what the CEO will need to do – in light of the organisation’s future – and the type of CEO that will be right in this situation. Once completed, the template can be used as the basis for conversations with the executive search consultant and in the preparation of documents to describe and promote the CEO role.

**Note:** This template is designed to be completed by hand or used as a model for an organisation to create their own. Reference should therefore be made to page 23 of the PDF version of the publication.<sup>[1]</sup>

## Footnotes

1. See also *Serving Victoria: A guide for public sector CEOs* (State Government of Victoria, 2011) available from [www.vpsc.vic.gov.au](http://www.vpsc.vic.gov.au) 



# Appendix B: Merit-Based Recruitment Decisions

Employment of Victorian public entity staff, including the CEO, must be undertaken in line with the public sector employment principles including the principle that employment decisions are made on the basis of merit.

The Public Sector Standards Commissioner has published Standards that identify and define essential elements of the public sector employment principles. They apply to all public sector bodies and their employees. The standards articulate binding, minimum requirements for application of the principles, and support translation of the principles into sound and workable policies and processes.

The standards relating to the principles of fair and reasonable treatment and merit-based employment decisions are of particular note for the assessment of candidates to underpin recruitment decisions for the CEO role. In part these require:

- decision-making processes that are fair, accessible, and applied consistently in comparable circumstances
- decision-making criteria that are relevant, objective and readily available to the people subject to the decision
- decisions and actions that are free of bias and unlawful discrimination
- documentation that is sufficiently clear and comprehensive to render decisions transparent and capable of effective review
- employment decisions that are based on the proper assessment of individuals' work-related qualities, abilities and potential against the genuine requirements of the employment opportunity
- decisions to appoint new employees or promote existing employees that are based on competitive selection. Processes are to be open and designed to identify a suitable field of qualified candidates
- decisions to appoint new employees or promote existing employees from a limited field of candidates are only to be made where candidates are identified based on objective criteria.<sup>1</sup>



## Footnote

1. The complete [employment principles](#) are set out in the [Public Administration Act 2004](#) and associated [standards for application of the principles](#) are issued by the Victorian Public Sector Commission.



# Appendix C: When Board Directors are also Organisational Executives

In some organisations the CEO, and sometimes other executive staff, are also members of the organisation's Board. These Board Directors face a conflict of interest in certain circumstances.

In its simplest form a conflict of interest arises when a public sector employee, their friends, family, associates and/or enemies could, or be perceived to, derive some advantage – or disadvantage – because of actions the public sector employee undertakes in their official role.

In situations where Board Directors are also executives within the same organisation, advantages may be obtained as a consequence of Board discussions and decisions about executive remuneration, organisational structure, succession management and the recruitment and performance assessment of the CEO. Advantages that may be – or perceived to be – obtained could include salary increases, preferential treatment in the workplace, increased career opportunities, or the creation of impediments for rivals.

The Public Sector Standards Commissioner has issued a policy framework for dealing with conflict of interest. In this document, the Commissioner states that, 'all public sector employees have a duty always to put the public interest above their private interests when carrying out their official duties.'<sup>1</sup>

There are a number of options available for managing conflict of interest.<sup>2</sup> Each public sector Board needs to follow clearly documented procedures for identifying and managing actual, potential or perceived conflicts of interest.

In the situation where some Board Directors are also executives within the same organisation, the best option is for Board Directors who are also employees of the organisation to remove themselves from all activities, including discussions and decisions, whose outcomes could deliver benefits to them as individuals.

This includes activities to define the requirements of the CEO role, establish terms and conditions of the CEO role, ranking of CEO role candidates, the decision to offer the role to a particular candidate, and all discussions relating to the assessment of the CEO's performance. Only Board Directors who are not also employees of the organisation should take part in these Board activities.

## Footnotes

1. Public Sector Standards Commissioner, Conflict of interest policy framework: Victorian public sector (State of Victoria, 2009) available at [www.vpsc.vic.gov.au](http://www.vpsc.vic.gov.au). See also advice provided on the VPSC website about [conflicts of interest and duty](#)
2. The conflict of interest policy framework identifies six common responses: register; restrict; recruit; remove; relinquish; or resign.



# Appendix D: Documentation

Documenting the recruitment process provides the basis for transparent, merit-based decisions.

The following documents will be created as part of the recruitment process:

DOCUMENT	DESCRIPTION
<b>Position description:</b>	This summarises the key CEO role tasks and performance requirements. It also lists the capabilities that will be assessed as part of the recruitment process and used as the basis for the recruitment decision. This document should also provide detail of any non-negotiable terms and conditions of employment and parameters for terms and conditions that can be negotiated. This document should be prepared at the commencement of the recruitment process and provided to all candidates and members of the selection panel.
<b>Advertisements:</b>	Any public promotion of the role.
<b>Candidate application material:</b>	Material produced and submitted by candidates as part of demonstrating their interest in, and capacity to perform, the CEO role.
<b>Interview notes:</b>	Notes made during the interviews of candidates and referees.



DOCUMENT	DESCRIPTION
<b>Assessment scoring:</b>	This summarises how each member of the selection panel scored the candidates in terms of the capabilities identified in the position description, based upon evidence available to them.
<b>Selection panel decision (selection report):</b>	This document records the decisions of the panel: which candidates did not meet the criteria, which did, and, of those that did, a ranking of preference, or, if relevant, the decision to make no appointment to the role at this time. Notes should be made to explain the rationale for the ranking or the decision not to appoint.
<b>Terms and conditions of the offer of employment:</b>	This is usually a letter of offer with a contract outlining the terms and conditions of the appointment. This provides the basis for performance planning and assessment.
<b>Acceptance of the terms and conditions of employment:</b>	Typically the letter of offer signed by the candidate indicating acceptance of the role, terms and conditions.
<b>Communications announcing the appointment:</b>	Typically an announcement by the Board, often by email and sometimes including a press release.

Because these documents are created as part of, and document, a public sector process, they become public records and should be maintained in line with other public records.<sup>1</sup>

Most of these documents also contain information of a sensitive nature; they contain both



personal information about individuals and the opinions expressed by others about these individuals. They need to be stored securely with access limited in line with privacy legislation.<sup>2</sup>

## Footnotes

1. For further information, visit [Public Records Office of Victoria](#).
2. For further information, visit the [Privacy Victoria – Commissioner for Privacy and Data Protection](#).

