The Future is Now: Building Succession Systems for Long Term Sustainability

Presented by:
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An organizational consulting firm focused on developing and aligning leadership, culture & strategy in employee-owned organizations to help them better achieve their goals.

Ginny Vanderslice
Immediate Past President,
Principal, Praxis Consulting Group
BL Companies – 100% Employee Owned

Multi-Disciplinary, Full Service Firm:
• Architecture and MEP
• Civil, Transportation and Pipeline Engineering
• Environmental
• Land Surveying

Markets:
• Retail, Commercial, Residential
• Public Infrastructure (Federal, State, Municipal, Education)
• Energy (Gas, Electric, Renewables, Telecom)

Locations:
• 14 Offices in the Northeast, Mid-Atlantic and Texas
• CT, NY, MD, MA, PA, OH, TX, RI
• 250+ Employee Owners

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Are you a leader of something in your firm?
Are you in C-Suite?
Are you a manager?
How many have formal succession plans for CEO?
For all C-Suite roles?
For all key positions (it would hurt you if they left)?
For committee and team leaders?
Does your company have leadership development programs to support Succession?
How many of your companies have some leadership development program for all employees?
Agenda

• Introductions
• Value of “Succession Thinking”
• Foundations of Effective Succession
• Case Study
  ➢ Creating a Succession System
  ➢ Succession for team & committee leaders
  ➢ Succession for Board members: internal & external
• Summary
• Questions
Succession Planning: Why bother?

Lower Risk

Increase Capacity
## Internal vs External

<table>
<thead>
<tr>
<th>External (+)</th>
<th>External (-)</th>
<th>Internal (+)</th>
<th>Internal (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Perspectives</td>
<td>Un-tried</td>
<td>Known entity</td>
<td>Lack CEO experience</td>
</tr>
<tr>
<td>Experience</td>
<td>Values/ style risk</td>
<td>Career path for top people</td>
<td>Challenge re peers</td>
</tr>
<tr>
<td>Generate excitement</td>
<td>Flight of internal leaders</td>
<td>Continuity</td>
<td>Internal competition/ politics</td>
</tr>
<tr>
<td>• EO risk</td>
<td>Model for internal career</td>
<td></td>
<td>Know about gaps; need development</td>
</tr>
<tr>
<td></td>
<td>opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Expensive to search</td>
<td>Deep familiarity with company &amp;</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• No history</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
General Principles

Foundational:

A System; NOT a Plan

A Culture of Leadership Development
General Principles

Continually look ahead

Hire & Develop with the future in mind
Case Example:
BL Companies
### BL Core Values

<table>
<thead>
<tr>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Integrity</strong></td>
<td>• We behave ethically and respectfully while holding ourselves accountable for our actions and performance.</td>
</tr>
<tr>
<td><strong>Excellence</strong></td>
<td>• We take pride in achieving outstanding results in all aspects of what we do.</td>
</tr>
<tr>
<td><strong>Employee Ownership</strong></td>
<td>• We encourage the imagination, enthusiasm, and collaboration of employees as it creates unlimited potential resulting in sustainable financial performance and profitability. We assist, support and reward personal and professional growth.</td>
</tr>
<tr>
<td><strong>Relationships</strong></td>
<td>• We build enduring relationships with our clients, business partners, and communities by providing creative solutions and delivering exceptional service.</td>
</tr>
<tr>
<td><strong>Agility</strong></td>
<td>• We embrace change by being flexible, proactive and decisive in a constantly changing environment.</td>
</tr>
</tbody>
</table>
BL Leadership Competencies

<table>
<thead>
<tr>
<th>Leadership Competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge and skills that contribute to leadership effectiveness:</td>
</tr>
<tr>
<td>• Accountability</td>
</tr>
<tr>
<td>• Teamwork</td>
</tr>
<tr>
<td>• Developing Others</td>
</tr>
<tr>
<td>• Relationship Building</td>
</tr>
<tr>
<td>• Communication</td>
</tr>
<tr>
<td>• Client Focus</td>
</tr>
<tr>
<td>• Strategic Thinking</td>
</tr>
<tr>
<td>• Leading and Managing Change</td>
</tr>
</tbody>
</table>
BL’s Leadership Development System

Executive Program
(Potential Leadership Successors)
(2015)

Advanced Program: Senior Management Team
(2011)

Essentials Program: 2\textsuperscript{nd} Tier Management
(2012)

Foundations: Everyone
(2007)

Assessment Skills Complexity Challenge Assignments On Going Learning

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BL Leadership Development System

Executive
- Executive assessment
- Financial planning
- Organization development
- Challenge assignments

Advanced
- Leading Change
- Application projects
- Leading the business
- Development and succession plans

Essentials
- 360 feedback
- Advanced communications
- Managing others
- Project and Board presentation

Foundations
- Emotional intelligence (self-assess)
- Basic communications
- Goal setting
- Values and Leadership Competencies

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Executive Program Elements

1. Regular Reflections
2. Executive Assessment
3. Individual Coaching
4. Peer Coaching in Team
5. Advanced Skill Development
6. Industry Specific Education and Networking
7. Extensive Visits with ESOP and Non ESOP Companies
8. Challenge Assignments
9. Independent Research
10. Executive Forum
Executive Program Elements

1. Regular Reflections
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• Apply skills and enhance relationships (internal and external)
• Drive assignments that are ambiguous and broader to meaningful outcomes
# Development Plan: High Potential

## Overall Development Goal for 2013:

<table>
<thead>
<tr>
<th>Role: Director – [Discipline]</th>
<th>Possible Candidate:</th>
<th>Date:</th>
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</thead>
</table>

## Actions for Development

<table>
<thead>
<tr>
<th>Area</th>
<th>Action</th>
<th>Development Goal</th>
<th>Measure of Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. LDEP/Principal Project</td>
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<tr>
<td>2. Project Assignments</td>
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<tr>
<td>3. Initiative</td>
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<td></td>
<td></td>
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<tr>
<td>4. Training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Leadership Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Coaching/Mentoring</td>
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<td></td>
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</table>

## Tracking

<table>
<thead>
<tr>
<th>Check-In</th>
<th>Progress</th>
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<tbody>
<tr>
<td>1. February 2013</td>
<td></td>
</tr>
<tr>
<td>2. April 2013</td>
<td></td>
</tr>
<tr>
<td>3. June 2013</td>
<td></td>
</tr>
<tr>
<td>4. August 2013</td>
<td></td>
</tr>
<tr>
<td>5. October 2013</td>
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</table>
Succession for Other Important Roles

• Board of Directors
  ➢ Regular evaluation of individual & Board performance
  ➢ Membership may change with company need
  ➢ External members: bring in for long term

• Committees and Teams
  ➢ Clearly define team charter & leadership role
  ➢ Look for the next leader as soon as possible
  ➢ Provide growth opportunities
  ➢ Move successor into leadership role 6 -12 months ahead
Steps in Succession Process

1. Strategic Plan
2. Identify Positions
3. Define Competencies
4. Identify Candidates
5. Assess
6. Develop
7. Track Progress
Succession System

- Leadership Development System
- Identify & Nurture Talent
- Continually Assess & Track Progress
- Hiring
- Think Forward
- Succession System
Final Thoughts

• Describe positions re: what person in role *should be able to accomplish* in 2 - 5 years

• Start far enough ahead of time to assess & develop internal successors

• Track people’s progress

• Recognize gaps ahead of time; fill with hires

• Test external candidates
  ➢ As consultants
  ➢ Bring in at one position down

• Value culture along with skills & experience
Penn CEO Program

The Employee Ownership Foundation and the University of Pennsylvania’s School of Social Policy and Practice offer CEOs/Presidents and/or the CEO/President designee, of employee-owned companies a breakthrough Certificate Program – *Leading in an Ownership Setting: The Program for CEOs.*

This ESOP Leadership program is focused on enhancing each participant's leadership effectiveness in his or her own company.

- Part A: July 8th - 13th, 2018
- Part B: November 11th - 14th, 2018

For more information, please visit [http://www.esopassociation.org/meet-learn/meetings/ceo-leadership-program](http://www.esopassociation.org/meet-learn/meetings/ceo-leadership-program). Please see [http://esopassociationblog.org/tag/penn-ceo-program/](http://esopassociationblog.org/tag/penn-ceo-program/) for a participant experience.
Questions?