

WRECA Annual Meeting  
June 12, 2019

# Succession Planning for Co-op boards

Where to start, what to do, what to avoid



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# Agenda

- What is Succession Planning?
- Board Succession Planning
- Cooperative Demographics
- CEO Succession Planning
- Traps to Avoid
- Summary and Questions

# What is Succession Planning?

**Succession planning** is a process for **identifying and developing new leaders** who can replace old leaders when they leave, retire or die. Succession planning **increases the availability of experienced and capable employees** that are prepared to assume these roles as they become available. Taken narrowly, "replacement planning" for key roles is the heart of succession planning.

-Wikipedia

# It's not this...



“What if we don't change at all ...  
and something magical just happens?”

# What's going on?

7,600

65%

19%

33.333333%

# Where to start?

What do we have?

What do we need?

How do we get there?

# What do we have?

## Sample Board Matrix

Sample Board of Directors Member Profile Matrix																												
		Diversity							Styles				Expertise										Influence					
Term Ends (Sept 30th)	Male	Female	Asian	Black	Hispanic	White	Other	Communicator	Strategist	Collaborator	Team Member	Financial Mgmt/Accounting	Economic Development	Engineering/Ops	Government/Civic	Large Corporate	Legal	Marketing/PR	Human Resources	Small Business	Technology	Economic Development	Business Community	Local Government	National Network	State Government		
2020																												
2016																												
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

# What do we need?

Start having the tough conversations...

- Will you run again?
- What if scenarios for board officers?
- Directors for Life or Term Limits?
- Does your board fairly represent your membership in terms of race, gender and age?



# How do we get there?

- Board Competency discussion
- Board agreement on the Strategic Direction of the Co-op
- New Board members?
- Interview/Evaluation Matrix

# Interview/Evaluation Matrix

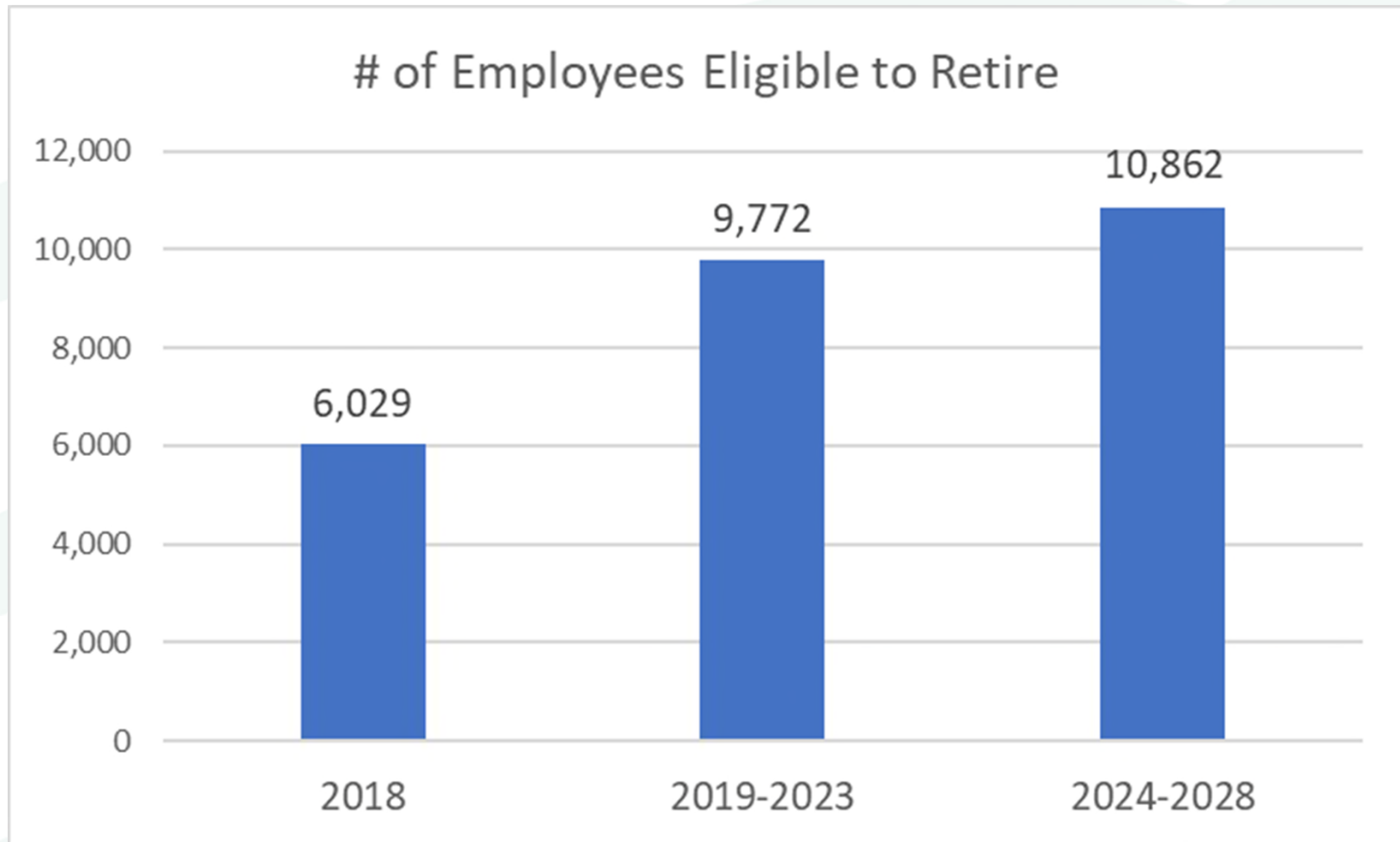
Subjects	Excellent	Good	Fair	Poor
Time, Energy, Ability to serve				
Knowledge of Co-op				
Ability to communicate				
Understanding of fiduciary responsibility				
Commitment to serving community				

# How do we get there?

- Board Competency discussion
- Board agreement on the Strategic Direction of the Co-op
- New Board members?
- Interview/Evaluation Matrix
- Orientation/Onboarding Checklist
- Ensure that these documents adhere to your policies and by-laws

# What about the cooperative?

# Why is Succession Planning important?



# Why is Succession Planning important?

What would happen if one of your co-op's leaders...

- Announced they were retiring in six months
- Took a job elsewhere
- Developed life threatening health issues
  - Or worse?
- Or even better?
  - Won the Lottery

# You have one job!



98%

35%



# Where to Start?



# CEO v. Board Succession Planning

## CEO Succession Planning



## Board Succession Planning



# Where to start?

What do we have?

What do we need?

How do we get there?

# What really is a CEO Succession Plan?

## Smart Business Planning

- Understanding of the CEO role
- What is the current CEO's role?
- What is the next CEO's role?

# Smart Business Planning

## Board Responsibilities

- Review the co-op's articles, by-laws and Strategic Plan
- Address CEO related policies

# Smart Business Planning

## Policies

- Update or develop appropriate policies
  - Delegation of Authority
  - CEO Board Relations
  - CEO Compensation and Appraisal
    - CEO Compensation Analysis (990s)
  - **CEO Search and Selection Policy**
    - Position criteria
    - CEO Job Description
    - Management contract
    - Relocation Policy
    - Search Process

# Smart Business Planning

## Board Responsibilities

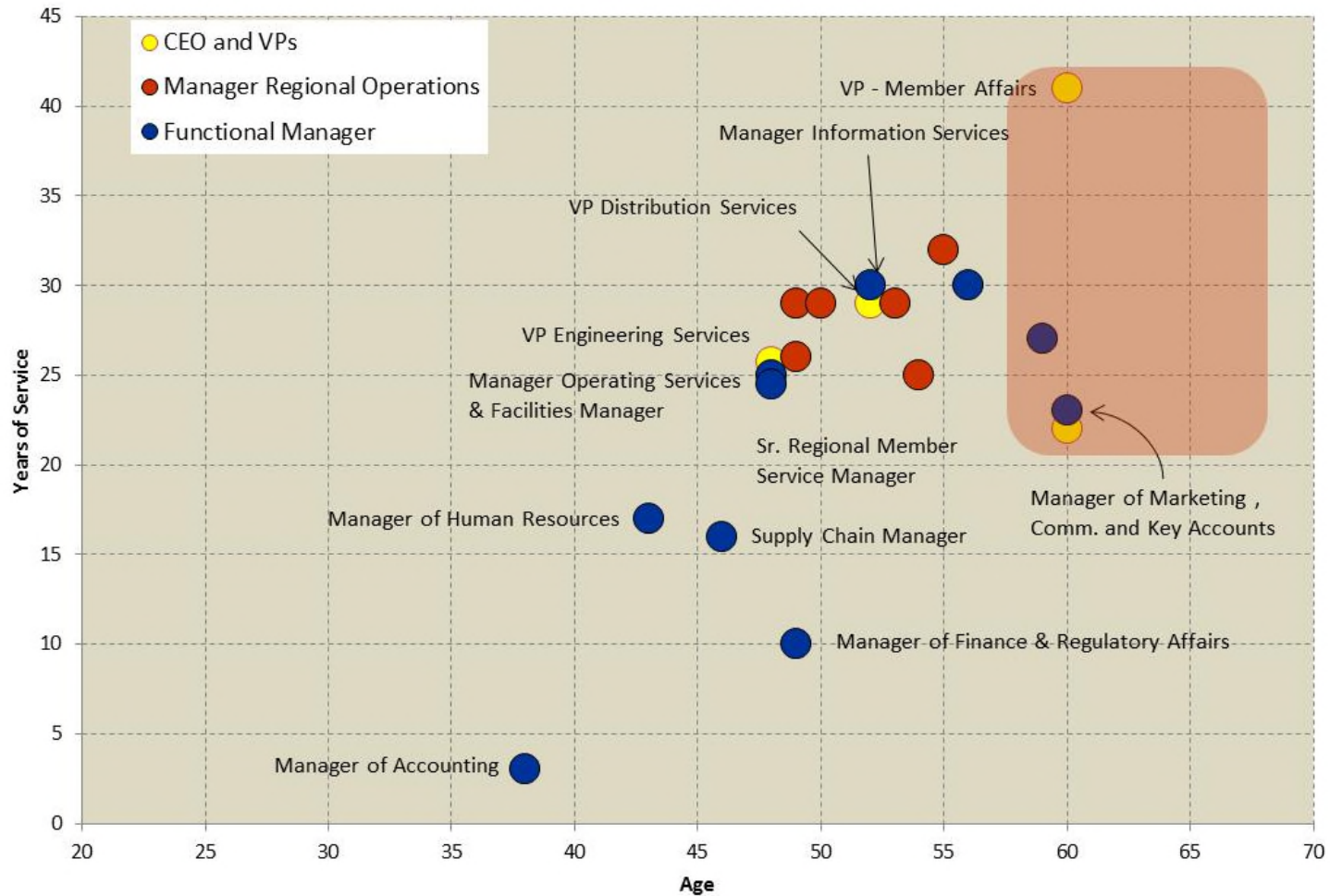
- Review the co-ops articles, by-laws and strategic Plan
- Address CEO related policies
- Anticipate future Leadership needs and competencies (competency model/LPQ)
- Ensure that the co-op has a succession plan and the resources to address it
- Monitor and communicate the Plan (Strategic Planning)

# What really is a CEO Succession Plan?

- Smart Business Planning
  - Understanding of the CEO role
  - What is the current CEO's role?
  - What is the next CEO's role?
- Overall Talent Management
  - COO, ASST GM
  - Other staff members
  - Is the cooperative hiring for what you need in the future?
  - Ongoing not fire fighting



# Overall Talent Mgmt- Staffing Analysis



# Talent Management- Impact on Business

- Effective succession management includes:
  - Identifying and developing the right high potentials
  - Stretching skills to build competencies for higher-level leadership
  - Ensuring bench strength
  - Retaining top talent
  - Reducing recruitment costs
  - Preventing premature promotions
  - Fostering knowledge transfer

# Succession Planning “Traps”

What to avoid...

- No link to strategic direction/plan
- Tactical not strategic
- Lack of formal structured approach
- Not focusing on the critical needs, jobs, and most pressing risks
- Bias assessment and conclusions which may lead to perceived favoritism to certain employees
- Lack of follow-through
- Plan has no leadership buy-in or ownership



“What if we don’t change at all ...  
and something magical just happens?”

# Key Steps for Effective Succession Planning

- Alignment with the cooperative's strategic direction
- Assess and strengthen organizational alignment
- Assess your organizational culture
- Assess the risks on critical jobs and impact to the cooperative.
- Assess the gaps on desired skills and capabilities for your most critical jobs.
- Assess your talent pool for critical jobs
- Identify, evaluate, and formulate succession plan strategies.

**CFO asks CEO: "What happens if we invest in developing our people and then they leave us?"**

**CEO: "What happens if we don't, and they stay?"**

**THANK YOU!**

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