WTA Fall Educational Forum
Educational Forum
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Managing Transition

Retirement and Succession for Key Personnel

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TCA

Retirement and Succession Planning for Key Personnel

- Retirement Goals
- Succession Planning
- Lessons Learned

TCA

Optimal Retirement

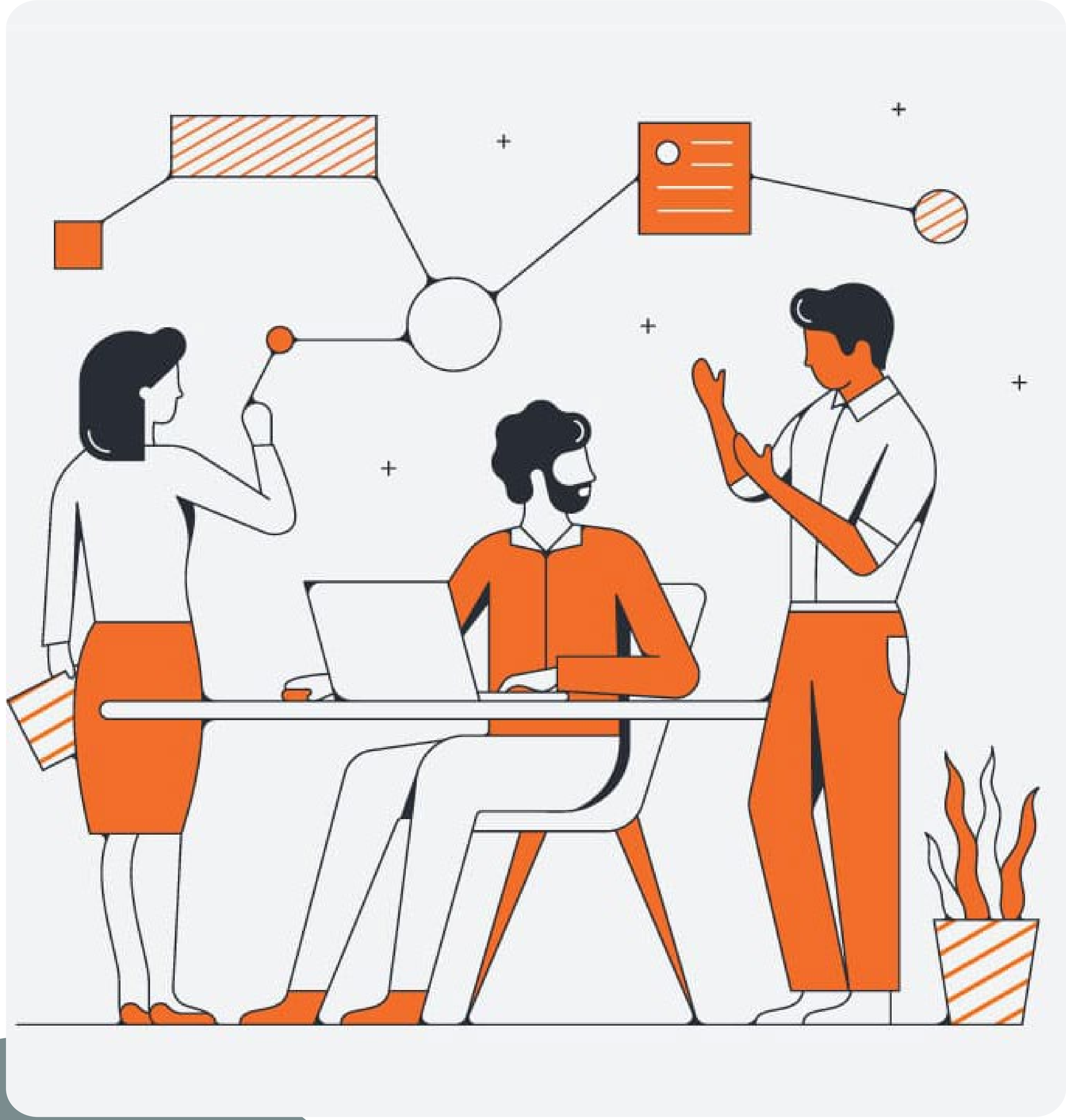
- TCA’s 401k Committee Goals
- Pension Plans
- Surprises

Strategic Planning

- More than ½ of TCA's clients conduct recurring Strategic Planning sessions
    - Annual
    - Semi-Annual
- Succession Planning is a regular topic
- Typical Agenda
    - State of the Company – Financial, etc.
    - State of the Industry – Regulatory, etc.
    - Goal Setting

Succession Planning

Process of identifying a longer-term plan for the orderly replacement of key employees, particularly top executives in the event of someone leaving, retiring, dying unexpectedly, or otherwise creating a vacancy.



Succession Planning

Ask key employees who their replacement is if they can't report to work the next day…

If they don't have an answer in 10 seconds, you don't have a plan.

Key Facts Regarding Succession Planning

While crucial to small & medium-sized businesses, few of these firms formalize succession planning

In one study, it was identified as the biggest threat facing small businesses

The supply of managers & executives is becoming scarcer with baby boomers retiring

Key Facts Regarding Succession Planning

Potential replacements often have work & family issues that don't always make them ideal succession planning candidates

Addressing the developmental needs of successors helps to avoid a host of potential problems

Succession Planning Process – Preparation

- Determine the leaders for whom successors must be identified
- Determine the timing of the natural succession
- Identify the current requirements of the positions
  - Identify the experience & duties required
  - Identify personality, political savvy, judgment
  - Identify leadership skills

Succession Planning Process – Preparation

Identify the expected future requirements of the positions

- Conduct a current & future situational analysis of the company to assist in developing the criteria

Identify the future direction of the company

Prepare position descriptions for each position reflective of current & future expected needs

Succession Planning Process – Internal Evaluation

- Identify potential internal candidates
- Conduct preliminary assessment of internal candidates
- Prepare developmental plans for internal candidates to include skills training & coaching
- Determine the best way to involve the Executive Team, the Management Team, Key Employees, & the Board of Directors

Succession Planning Process – Communication

Determine if external searches are necessary

- If external searches are deemed not necessary, proceed with the implementation of the developmental plans
- If external searches are deemed necessary, conduct them in a very formal & rigorous manner to minimize bias & ensure the best candidates are selected

Determine how the process is going to be communicated, internally & externally

Determine the role of the existing personnel in the positions to be replaced

Succession Planning Process – Communication

- Communicate to the Board of Directors the progress of the succession efforts
- Once final selection is made, prepare & communicate the transition plan

Benefits Of Succession Planning

- Better Retention
- Valuable Training Goals
- Increased Preparation For Leadership
- Greater Employee Satisfaction
- Enhanced Commitment To Work & Workplace
- Improved Corporate Image

Lessons Learned

- Multiple Candidates
  - One winner, prepare the others
- Internal Challenges
- External vs. Internal
- Cost of a Bad Hire
- Rural America

Lessons Learned

- Commercial Company Examples
  - Sales
  - Ownership vs. Employment
  - Requirements for Employment
  - Accountability
  - Management Rectangle

Lessons Learned

- Cooperatives/Mutuals
  - Culture fit with outside hires
  - Loyalty to existing employees can choose the wrong person
  - Employees and family of employees are members
  - Make the right decision, not the easy decision

Questions?

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