

## Succession Planning Questions Answered

1. If you're the CEO of a small company and your workforce does not have any stand out leaders how would you approach succession planning?
  - a. This is complex and a challenge in many smaller companies that may not have access to a pool of talent or have the financial reserves necessary to develop and maintain strong bench strength. In these situations, the identification of the key position(s) and documenting the competencies exhibited by the high performers in those positions required to be successful is a good first step. This needs to be considered in alignment with the organization's strategic plan and its focus on the future. You may be able to accomplish this within your organization or have to look to outside resources for this information. This provides a framework for then objectively assessing how your existing talent compares as you look at historical performance data and do a systematic assessment of their potential. You may find that with a more focused development plan and effort that you can transform the individual into a capable successor or at the minimum develop them to a level where they can fill the position on an interim basis as you look to outside resources. However, it is important to recognize and understand the impact of this strategy. If existing candidates are not given an opportunity to apply or be considered for the position you must communicate this with them in a thoughtful and timely manner. And be prepared to closely monitor their performance and morale.
2. Could you describe the process used in succession planning for the Board of Directors?
  - a. A similar process to planning is key as it begins with a clear understanding of the roles and responsibilities of the board, documentation of the competencies required to fulfill those roles and responsibilities, and a look at the strategy of the organization going forward. As organizations grow or shift their priorities the makeup and composition of the board may need to evolve as well. What the organization needs from its board may change. This can be especially challenging if the directors' roles and responsibilities are not clearly defined and term limits are not in place this can inhibit an organization's ability to develop a sound strategy and strategic plan.
3. After working with a number of senior managers in Claims, Underwriting, Finance, etc. you have realized that none of these employees have the potential to become CEO, what action should you take?
  - a. The response outlined in question one is relevant here as well. It starts with clearly defining what it takes to function in the CEO position, an examination of the organization's strategic plan and their strategic initiatives, and then objectively looking at this group to see if they can be developed. If the answer is still no, then a plan must be prepared behind the scenes that facilitate a timely and efficient search process. It also intensifies the need for the current CEO to define the timeline for their exit and the creation of a transition plan to the successor once they have been identified.

4. What are your opinions on Board Merging?
  - a. This is a different question that has implications beyond succession planning that is complex and can be driven by the organization's strategic plan, regulatory and compliance issues, and the history and culture of the organization. It must be handled in a thoughtful, orderly and systematic manner and with the expectation that there may be pushback. Actions like this can become emotionally charged. It may take time and give and take on all parties involved. It will also take courage and a willingness to lean into and facilitate difficult conversations by the senior leaders of the organization.