SUCCESSION PLANNING: ENSURING LEADERSHIP FOR THE FUTURE
Presented by:
Margaret Resce Milkint, Managing Partner
AGENDA

Current Talent Landscape

Succession Planning Best Practices

Leadership Development Strategies
CURRENT TALENT LANDSCAPE
Insurance industry labor market is expected to grow at 13.2 percent.

Source: Bureau of Labor Statistics
INDUSTRY JOB GROWTH

12-Month Revenue Plan
- Increase Revenue: 61.4%
- Flat Growth: 19.7%
- Decrease Revenue: 13.4%
- Don't Know: 5.5%

12-Month Staffing Plan
- Increase Staff: 39.4%
- Maintain Staff: 45.7%
- Decrease Staff: 15.0%

Source: The Jacobson Group/Ward Group July 2010 Insurance Labor Market Study
Workers older than 40 currently make up half of the workforce, a 33 percent increase since 1980.

Workers older than 55 are anticipated to make up 13 percent of workforce by 2020.

Millennials are anticipated to account for 47 percent as early as 2014.

SHIFTING WORKFORCE DYNAMICS

About half of the industry’s workforce will retire within the next 15 years.

There is a scarcity of employees between 30 to 40 years of age.

SHIFTING WORKFORCE DYNAMICS

Never in the modern world have there been four—much less, five—generations in the workplace; all bring vastly different beliefs, expectations and values.

Never has a generation entered the workplace using technologies so far ahead of those adopted by its employers.

Never has it been possible to acquire, use and seamlessly integrate talent from around the world.

Never has technology made it so easy to connect anyone, anywhere for collaboration.

Never before has society put as much pressure on organizations to be socially-responsible.
ASSUMPTIONS

Social media is creating a generation of hyper-connected workers.

There is increasing pressure to overhaul approach and execution of talent management.

Managers must strive to understand what drives the different generations of workers.
MANAGE A MULTI-GENERATIONAL WORKFORCE

Respect that diversity of generations in the workplace offers a diversity of ideas and approaches.

Fully understand the differences that exist between generations.

Embrace generational differences to increase productivity and added value.

Create career development strategies to meet all of the generations’ motivations, desires and needs.
“I really didn’t enjoy working five days a week, fifty weeks a year for forty years, but I needed the money.”
"You do have good ideas, Philips, but around here we don't rush wildly ahead and do any damned thing just because it happens to be a good idea."
SUCCESSION PLANNING
BEST PRACTICES
The overriding objective is to sustain growth and prosperity.
SCENARIOS FOR SUCCESSION PLANNING

- Planned leadership changes
- Contingency
BENEFITS OF PLANNED APPROACH

- Disciplined analysis of corporate needs and required executive competencies
- Accountability
- Retention tool
What’s the Secret... Is there a Magic Bullet?

No? Then how do we get there?

Vision:

Key Business Objectives
SUCCESSION PLANNING PROCESS

Approach and deliveries may be adjusted slightly, but the essential components are similar to any other challenge:

Assess  Design a response  Execute  Measure

This approach provides for thoughtful transition, meaningful consideration of future needs and the intentional development of talent.
ASSESSMENT

Assess the organization’s wants and needs.

Review the surplus and gaps in human capital relative to the organization’s strategic execution of business.

Identify and define highly-valuable attributes and behaviors.
ASSESSMENT

What are the anticipated triggers requiring an enterprise response in leadership?

What are the unanticipated triggers?

What is the overall level of readiness?

How do we evaluate individual readiness?
FIRST THINGS FIRST

- Clear mission, vision and values
- Forward-looking view
- Leadership competencies
- Clearly-defined job descriptions
- Evaluation metrics
  - Incumbents
  - Internal candidates
  - External candidates
WHAT DOES YOUR ORGANIZATION LOOK FOR IN A LEADER?

- Smart
- Results-oriented
- Unwavering ethics
- Financial acumen
- Quick study
- Values diversity
- Passionate
IDENTIFY INTERNAL CANDIDATES

- Strengths and weaknesses
  - Experience
  - Skills and Characteristics
    - Inherent
    - Taught
- Interest level
- Commitment
## EXPERIENCE

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<thead>
<tr>
<th>Done</th>
<th>Seen</th>
<th>Heard</th>
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<tbody>
<tr>
<td><strong>So what?</strong>&lt;br&gt;This is only of value if you can apply what you’ve done in today’s environment.&lt;br&gt;How does your experience transition to today’s world?&lt;br&gt;...and how does “living in the past” limit you?</td>
<td><strong>So what?</strong>&lt;br&gt;Anyone can get information. This doesn’t differentiate you</td>
<td><strong>So what?</strong>&lt;br&gt;What wisdom have you gained? How does this wisdom help you make good decisions?</td>
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*How do we use information to make good decisions?*
## SKILLS

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<tr>
<th>Physical Skills</th>
<th>Thinking Skills</th>
<th>Soft/People Skills</th>
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<tr>
<td>Physical activities such as walking, talking, typing, seeing, hearing</td>
<td>Problem-solving skills such as project management skills, process development skills</td>
<td>People management skills such as listening skills, communication skills</td>
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**LIMITATION:** Mostly learned behavior... and most people at the CPCU-level have skills.
## TALENT

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<td><strong>Interaction</strong></td>
<td>Focuses on serving others</td>
<td><strong>Analysis</strong></td>
<td><strong>Implementation</strong></td>
<td><strong>Insight</strong></td>
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<td></td>
<td>Collaborates</td>
<td>Highly perceptive</td>
<td>Performance</td>
<td>Takes cues from own</td>
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<tr>
<td></td>
<td>Inspires others</td>
<td>Good judgment</td>
<td>Team-building</td>
<td>beliefs</td>
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<td></td>
<td></td>
<td>Fortitude to initiate ideas</td>
<td>Boldness</td>
<td>Is enthusiastic and</td>
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<td></td>
<td></td>
<td></td>
<td>optimistic</td>
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<td>Knows they don’t know it all</td>
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“Talent can’t be taught. It is unique and what people REALLY bring that’s different to any situation.”
DEVELOP INTERNAL CANDIDATES

Create a balance between today’s work and tomorrow’s development needs.

- Additional responsibilities
- Diverse opportunities
- Role creation
- Training and education
OUTLINES AN ORDERLY SHORT-TERM APPROACH TO DEALING WITH A LEADERSHIP GAP
BEST PRACTICES

- Define roles and responsibilities.
  - Length of time
  - Proportional responsibilities
- Identify interim executive roles.
- Document the plan.
- Regularly re-assess and make adjustments.
WHO IS ACCOUNTABLE?

CEO manages the process.
HR documents the process.
Board conducts annual or semi-annual check-ups.

"Leadership has to be a top priority and the CEO must hold others in the organization accountable for developing succession leaders at all levels."
TALENT DEVELOPMENT

- No longer considered separate from succession planning
- Not part of performance management process
- Must be cultural
  - Formal
  - Actionable
  - Supported by the organization, driven by the employee
- Long-term preparation for a grow-from-within approach
SUCCESSION PLANNING MEANS...

- Getting the right people in the right jobs.
- Giving them the tools to do their best work.
- Setting clear expectations!
- Putting them in charge of development.
- Removing roadblocks and barriers.

*If you are a manager, this is your job!*
If most managers do not have a clear understanding of theirs or their team members’ job responsibilities, how can the larger workforce find clarity?
A 10-15 percent increase in employee satisfaction will result in a 42 percent increase in profits.

Source: David H. Maister, Practice What You Preach: What Managers Must Do to Create a High Achievement Culture
MAXIMIZE YOUR TALENT

25% improvement can take us from good to great!

100% improvement just gets us to average.
It takes an average of 10 years to become an expert in any field.

At the same time, knowledge is doubling every three years.

Do you have the experts on staff to maintain a competitive advantage?

Source: Malcolm Gladwell, The Outliers
GROW LEADERSHIP CAPACITY

“Leaders grow best by growing others.”
GROW LEADERSHIP CAPACITY

- Create intentional action designed to increase leadership capacity.
  - Must start at the top.
  - Must be principle based and interactive.
  - Must be simple: easy to teach, easy to learn, easy to apply.
  - Must incorporate knowledge transfer.
  - Must be able to engage multiple generations.

- Use tools to reinforce learning and execution:
  - User-initiated learning and development content
  - Reverse mentoring
  - Team-learning exercises
GROW LEADERSHIP CAPACITY

Level of Expertise

ROI Benchmark

Candidates for Participation in traditional training and development in areas of expertise
GROW AND PROSPER THROUGH LEADERSHIP

Increased Value
Real Profit Increase
Sustainable Growth
Loyal Customers
Engaged Employees
Identify Strengths
The Right Fit
Great Managers

Source: Marcus Buckingham, First, Break All the Rules
THE PATH TO LONG-TERM GROWTH AND PROSPERITY

- Sustainable Growth
- Loyal Customers
- Engaged Employees
- Great Managers
- The Right Fit
- Identify Strengths
- Real Profit Increase
- Increased Value

Source: Marcus Buckingham, *First, Break All the Rules*
QUESTIONS?

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THANKS!