Executive Succession: IEWC / Mid-Cap Company Case Study

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Executive Summary

This case details a proactive, thoughtful and successful approach taken by a growing, mid-cap supply chain company to manage the succession of a long-tenured CEO and his mature senior leadership team to a next generation of ready, capable and energized leaders. Recognizing the company needed to evolve and pursue new leadership, the CEO and Board set out to define the company's future needs in a holistic way. It wanted to ensure the next CEO and senior leadership served the aspirations of the company in a changing world, while preserving the company's unique and differentiated values and culture. The entire life-cycle, journey and learnings of the talent management and succession process will be detailed for the benefit of other companies who might be setting out on a similar path.

Company Context

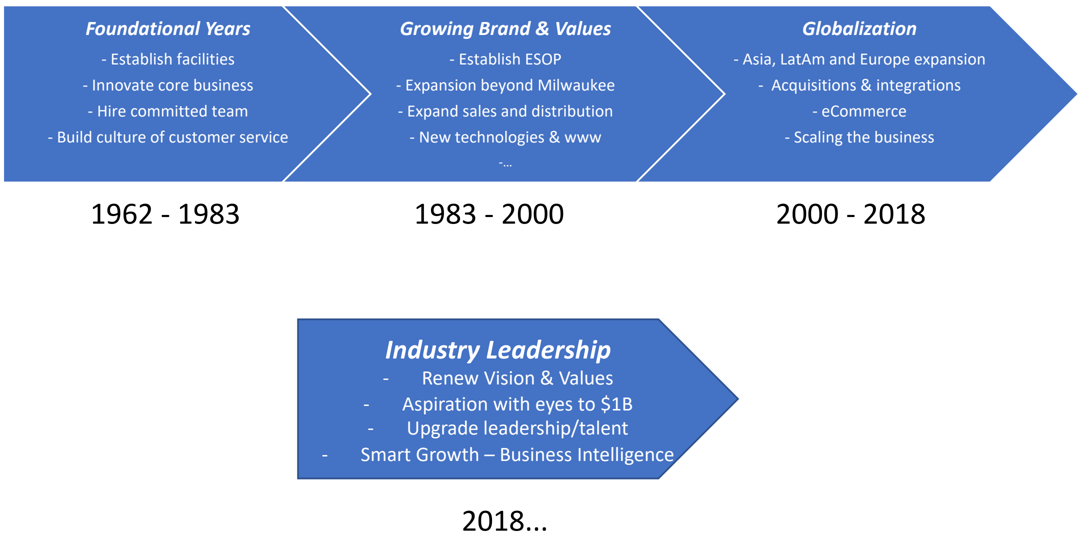
IEWC is a global, 57 year-old, employee-owned supply chain company, headquartered in suburban Milwaukee, Wisconsin. The company began in 1962 as a local distributor of wire and cable to the many Milwaukee manufacturers making goods such as kitchen appliances, automobiles, medical imaging equipment, farm equipment, heating and air conditioning equipment, industrial tools, mining equipment and power transformers, among other things.

Through a series of greenfields and acquisitions it has grown to have 500 employees in 26 locations in 11 countries on 3 continents. Additionally, IEWC has expanded its customer-base to serve manufacturers of everything from aircraft and boats to computer chips; as well as customers who build broadcast centers, digital networks and mobile telephone networks. Over the years IEWC has enjoyed strong 15% compound annual growth. IEWC's reputation in the marketplace is stellar.

The founders had intuitively understood that companies perform best when significant energy is put into the culture and the people. At IEWC, people-centric energy is the propellant for happy customers, which then are further propellant for business growth and bottom line growth. In turn, the sharing of bottom line growth with the employees is the propellant for their business energy and for their growth, along a variety of dimensions. IEWC's business model became fertile soil for the creation of an ESOP form of ownership, which the company undertook in 1985.

With only three CEO's over its 56 years of history, leadership stability has also been a central part of IEWC's success. Seemingly each leader has been right for his time. Following in the footsteps of the founder, both the second and the third CEO's, by their nature, committed themselves to a strong, employee-centric culture. Trust between leadership and employees is very high and IEWC's unique DNA is very deeply ingrained.

Setting the Stage for the Next “era”



Catalyst for Action

By 2012 IEWC’s incumbent CEO (David Nestingen) was beginning to think about retirement, not only for himself, but also for other senior leaders, many of whom were baby boomers and who were similarly signaling their retirement intentions during in annual performance reviews. In conversations between the CEO and all Board members, there was a consensus that the succession process must be both holistic and deliberate. They knew that it would be important to define the entire set of goals before simply commencing a search, even if there was a candidate who seemed very attractive. They also believed that the company should hire a generational leader who could take the company from its mid-cap status to one with a much larger scope.

Along with IEWC’s growth had come the usual challenges facing companies moving from start-up, to growth, to adolescence, to mid-cap. These challenges included increasing sophistication in capital needs to support the growth. Also challenging was the introduction of IT systems and business processes to effectively manage commercial transactions being made in increasingly far-flung locations around the globe. The ongoing professionalization of management had become a significant issue, as the dispersion of headcount and the variety of functions continued to grow. Integrating acquisitions was also a challenge, not only at an IT and process level, but even more so at a business model, leadership and cultural level.

All of these business challenges had been addressed – some more successfully than others. By 2012 the incumbent CEO could see that he, along with his fellow baby-boomer executives, were not so far from the end of their careers. He took pride in the accomplishments he and his team had achieved, but he could also see that new skills were being called for in leadership, as the company continued to grow. He knew that IEWC's culture and the business model were unique. He knew that leadership transitions always come with risks and he knew that IEWC had been fortunate to have never made a misstep in its executive succession. The succession stakes were high for this successful company.

He said, "Although six years away, I began to feel a sense of urgency. After three leaders in 56 years, this would be one of the most important initiatives of my nearly twenty year tenure. I needed to secure the future of the company and leave a legacy." While he recognized the personal and business dangers in announcing a posture that essentially made him a lame duck, he also remembered that his predecessor had similarly accepted such dangers. He strongly believed that the succession process needed to be holistic and deliberate and he believed that the extended timeframe would avoid a rush to a solution before the needs were deeply understood.

Along with these realizations, the incumbent CEO also knew one more thing. Despite having constantly upgraded leadership talent during his entire tenure, the roster of home-grown talent that might fill his role, or other senior roles, was limited. The company's growth had simply been too fast to keep up with the demands for talent at each level along the way and this was an even deeper problem projecting into the future. Finding a CEO of the future, who could fill the role for the next twenty years, would be a big challenge, but he also wanted to set the bar high to identify a ready-to-go generational leader.

He knew he had to make his intentions clear. Thus, he began a dialog with Board members and he worked to make the succession process a strategic imperative. But the first real step was to assemble the right team to tackle the problem.

The Internal Team

At the start, the incumbent CEO recognized that the Board had to oversee the entire process and outcome. He believed that, as CEO, he would have a critical role, but that it would be a best practice to avoid his own practical conflict of interest or myopia by ensuring that the Board would have the final say.

However, this Board-centric approach presented a bit of a challenge in this ESOP company, where a number of baby-boomer executives also served as members of the Board itself. This level of executive/board overlap is unusual in corporate governance, generally, and it does give rise to occasions of its own practical conflict of interest. However, it is quite common for senior leadership to be a part of the Board in an ESOP company. These baby-boomer executives were now moving toward their own retirements and yet, as Board members, they could have a consequential influence over the shape of the project and in choosing the final successor CEO.

Looking at this unique makeup of the Board, the incumbent CEO recognized that the non-employee members of that body must take on a disproportionately important role. Thus, was begun an increased focus on strengthening the quality of the external membership on the Board. A search was begun for Board members who would bring a very special set of skills and experiences to the table in respect to this succession activity.

The incumbent CEO began a conversation with an executive search partner (Patina Solutions) and gained access to their network of board candidates. After some sifting and winnowing, the IEWC Board agreed to a candidate (John Nelson) who best answered the needs for thought leadership around succession. He had held various senior HR roles in a number of Fortune 500 companies over his career and was currently consulting on organizational transformation and change with mid to large-cap companies. His experiences and contacts in the succession space were strong and his approach to Board partnership was impressive. He joined IEWC's Board in 2013 and became the key resource to create an architecture that would drive the process. As a member of the Board's Governance and Personnel Committee (GPC), which was going to take the laboring oar on the project, he began to provide advice and counsel on many details of the initiative.

In the following year, 2014, the Board added another new member (Mark Reinemann); and he became the second non-employee Board member of the GPC. He had a background in the financial industry, before moving into consulting in the Sarbanes-Oxley era. He was, at the time, finishing his career with a leading global human resources company and he proved to be insightful to the entire project.

In addition, IEWC also began to mobilize its HR team. It was understood that this would be the team to provide day-to-day leadership to drive the succession activities forward – coordinating resources and timelines and bringing their own professional skills to bear. The company already had a very seasoned and capable Chief Human Resources Officer (Marie-Claude Milot), who was a Gen X'er and who also happened to be very good at talent management. It is worth noting, however, that this also presented a practical conflict of interest. The CHRO, herself, was a viable candidate for succession. After some thought, the GPC and Board made a decision that insiders to the process, such as the CHRO, should not be excluded from consideration, but that a separate process would be appropriate.

In a further initiative, the CHRO pushed for, and the company agreed that it ought to provide the project with additional resources by bringing in a capable internal leader with particular experience in talent development. Thus, in 2014 IEWC recruited a Talent Development Director (Debra Crawford), who not only had the desired background, but who also was a strong fit for the company's culture.

Talent Management

Both the CHRO and the Talent Development Director were interested in a leading a high-quality annual talent review at all levels of IEWC's global organization. The talent review was implemented in 2014; and they utilized their experiences to put a talent identification process in place that would draw from the inputs of many people in the organization. The plan would be to "grade out" the roughly 75 employees in the management ranks, right down to the line-manager level, but excluding consideration of those with little remaining runway. The incumbent CEO said about those first efforts that "The conversations were startling. Some of the input was very rich. Some of it was very weak. Some of the conversations led to discussions about some hidden talent that hadn't been previously recognized. Some of the conversations led to discussions about people who had derailers not previously recognized."

It didn't take long at all for this process of talent identification to turn into talent development. By the end of 2014, the CHRO was, in fact, given the opportunity for a new role as general manager of the company's business unit on the west coast, while the Corporate Controller was given a similar opportunity in the southeast. These new roles allowed the company the opportunity to test two up-and-coming corporate-level leaders in daily customer-facing settings. Both positions were backfilled, and a new CHRO (Michelle Osman) was hired to bring to the table an enhanced level of talent management skills.

As the calendar turned to 2015, the company continued its annual talent review and talent development process. In addition to the development assignments extended in the prior year to the past-CHRO and past-Corporate Controller, the company now looked to the CFO and placed him in a role leading the North American Division, supported by a Vice President, who had come out of a specific product-focused commercial role. Other high-potentials, including international and customer-specific Division Leaders and including Operations Leaders were also being given stretch assignments within their existing job and role.

The development process turned out to be invaluable, as much for its failures as for its successes. There is no better way to determine which employees have the spirit for growth, responsibility and leadership than to put them to a real test. If the standards and expectations are right, the wheat will begin to separate from the chaff quite quickly. In fact, many of these individuals proved that they were already well placed. A number of them proved that they didn't belong in the company any longer. In one instance, at least, this gave the company the opportunity to go out and search for an outside candidate who might have the skills and traits to be a viable candidate for CEO succession. It turned out that this opportunity was a long-term winner.

External Consultants

Now, as he started to think more about the succession team, the incumbent CEO (David Nestingen) thought about the critical importance of expertise. He said "Experts can accelerate and focus our understanding of best practices. Executive succession, at the very top of the organization, is something we hope to do only once in our career. It has antecedents in other hiring processes, but this will not be the same; and the stakes are much higher. Why not leverage those professionals who do this all the time?"

With leadership from the non-employee members of the GPC (John Nelson and Mark Reinemann) and from the assembled internal team (Michelle Osman and Debra Crawford), the Board came to a consensus, in 2015, that the company needed to hire a firm or firms that would support it in six important processes – i) organizational alignment around strategy and culture, ii) leadership profile development, iii) organizational modeling, iv) recruiting (including possible benchmarking), v) assessment and vi) transition planning.

Interestingly, one of the GPC members' (John Nelson) firm was an obvious and attractive possibility to provide counsel on such matters. In the end, however, the Board concluded that he had been retained for a Board-level role and the practical conflict of interest should be avoided.

By summer of that year, various consulting firms were being interviewed and by autumn, a consensus was reached among all stakeholders about which firms would be retained. It wasn't an easy decision because many extremely capable firms were interviewed. Some of them offered virtually a turn-key approach to all important processes, while others were very specialized. In the end, IEWC decided it would be best served by working with very specialized firms, even though it knew that would cause extra effort to integrate and synthesis their work product. As is usually the case, the decision came down to working styles and best fit.

For organizational alignment, leadership profile development and organizational modeling IEWC retained an aligned two-firm team (Executive Coaching Connections and Vantage Consulting). This set of processes seemed like it would be best resolved by bringing together two firms who had some concurrent backgrounds.

For the recruiting itself, IEWC chose to continue its long-standing executive-search partnership with one of the largest executive recruiting firms in the world (Spencer Stuart). Their experience and their connections were unparalleled. Additionally, the fact that they had worked with IEWC over many years and had placed a number of executives with the company, was a real positive.

For the assessment of final candidates and transition planning, there were a number of firms that the company had worked with over the years. Initially the company considered using the same firm that was doing the alignment and profiles, described above. However, at some point, one of the GPC members (John Nelson) suggested an alternative firm with whom he had had real concrete success (MDA Leadership Consulting). In IEWC's interviews with that firm, they established expertise around an assessment methodology that was in-depth and experiential.

Developing the Succession Architecture

As 2016 began, the outside firms were ready to engage in the project. The incumbent CEO had identified that his retirement date was at the end of 2018, which would allow about three years for executing against the foundation that was being set. IEWC had the luxury of time to be planful and even to recover from a few missteps, if needed.

As a group, the stakeholders set out to create a blueprint for succession architecture around some very specific tasks – timelines, activities and names of responsible parties. The stakeholders didn't have all the answers yet – in fact, various stakeholders had differing ideas about the elements of the blueprint.

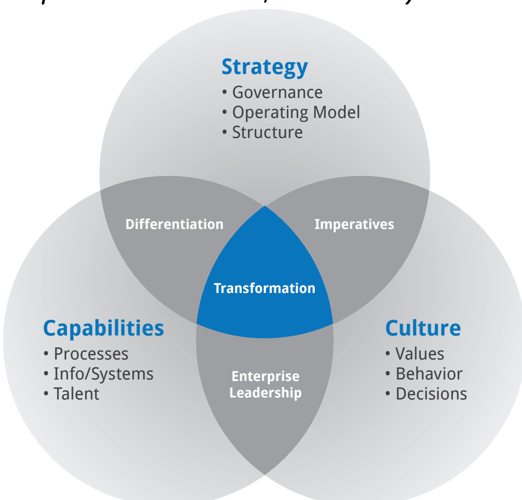
The stakeholders also knew they needed alignment for the blueprint throughout the organization, right down to the rank-and-file level, and with various business partners. As a result the overall architecture included much discussion around the communication strategy. To support all of this, practically, the incumbent CEO began to casually talk with people about his retirement date.

The Board began to approve plans around timeframes, activities, headcounts and budgets, but there was also always a sense that all these things needed to remain flexible. Board members also knew that execution against this blueprint should be a key part of the personal goals for the CEO and the CHRO over the next couple of years.

As a starting point for this effort, one of the GPC members (John Nelson) put forth a business transformation and leadership model (see below), which provided some real insights for the team.

Business Transformation & Leadership Model

Aspire to become a $1B industry leader



Future CEO Requirements:

- Strong vision, mission, strategy
- Hold true to values & culture
- Strong growth orientation
- Global experience
- M&A integrations
- Corporate governance & scale
- Builder of executive leadership
- Digital/eCommerce competent

= Transformational leader

Now all stakeholders reached alignment on the ***guiding principles*** for defining the requirements relative to a future CEO. This alignment set the directional foundation for what IEWC's succession process needed to achieve. The stakeholders knew they wanted to underpin the blueprint with a number of understandings:

- That *"What got us here, from a leadership perspective, wouldn't get us there"*
- That pending baby boomer retirees would need to be flexible in their transitions
- That the CEO profile would need to take into account an aggressive company growth plan, via organic growth, M&A and channel expansion
- That there would be a need to optimize the enterprise during such growth
- That the company's growth would continue to be disproportionately global, requiring a new CEO who had global savvy, cultural sensitivity, a collaborative mindset and ability to develop strong global leaders
- That the growth would result in a more complex infrastructure and corporate operating model, to leverage the corporate center, to optimize each of the geographically dispersed business units and to ensure proper governance
- That the quality of the company's leadership, workforce and talent would continue to be a differentiator, but also an increasing challenge in an environment where there are changing

workforce expectations/dynamics around engagement and where there is increasing competition for talent

- That values and culture would remain a critical and differentiating factor to external brand, internal performance, and employee engagement/loyalty
- That, while the company wanted to respect its cultural heritage, it also needed to close some performance gaps
- That the company would preserve and leverage its ESOP structure, protecting and growing value for the employee-owners and leveraging the cultural attributes of ESOP ownership to drive performance
- That, all things being equal, the company would prefer an internal candidate
- That the process must seek out external candidates as reference in the CEO-marketplace to test any internal candidate against the best possible alternatives
- That the company would ideally complete a selection no later than mid-year 2018 so that person could play a significant role in the year-end budget process

Implementing the Plan

Organizational Alignment/Strategy – By early 2016 IEWC was ready to begin work with its strategy partner (Vantage Consulting). This partner firm was led by a successful senior executive who had significant experience in strategy. His process was to interview a number of key players in the organization and lead a full, two-day session to advance IEWC's strategy for the next years ahead. This included a review of the company's Vision, Objectives and Action Plans, all at a high level. It also included brainstorming about what other elements were needed for the future. The Board knew that a new CEO might have a very different take on strategy, but the Board also knew that they were more likely to identify a CEO who would have long-term success if they interviewed candidates to their own clear strategic objective.

Organizational Alignment/Culture and Values– Additionally, and particularly because the culture of the company was so unique and entrenched, the Board wanted to re-examine the cultural norms of the employees, as well as their values. Since the last effort was made in this regard, millennials had over-taken baby boomers in the workforce; and international employees had become nearly a majority of IEWC employees. The company began this re-examination utilizing its consultant (Executive Coaching Connections), but at the end of the day came to a decision to bring this work in-house. As a result, in the autumn of 2016, the CHRO (Michelle Osman) and Talent Development Director (Debra Crawford) led an effort to survey all employees, conduct a two-day workshop of key employees across the entirety of the company, develop a gap analysis and coalesce around a new statement of six key values, as well as key elements of company culture.

Leadership Profiles – Contemporaneously, the stakeholders were working with the consultant (Executive Coaching Connections) to develop leadership profiles – not just for the CEO, but also for the entire Executive team and Division leaders. The need for profiles was broad because so many of the members of the Executive team were nearing retirement as well. Additionally, the stakeholders wanted to understand and set a baseline for how all these positions would relate to one another. Without question, taking the time to clarify the priorities, critical skills and traits that IEWC desired in a candidate was one of the very most important steps in the entire process. Development of these leadership profiles involved an electronic "card sort" to coalesce around the few key priority skills and traits to be sought in a candidate. The results of this work led to draft profiles that were debated and worked over to a great extent by the stakeholders, finally gaining full Board support.

<u>Organizational Modeling</u> – Along with the leadership profiles, the company also wanted to imagine new roles that might be needed in the future; and also imagine an organizational structure that would optimize the effectiveness of those various roles. What would be the business model and governance structure? What would a leadership organization chart look like? As with strategic alignment, a new CEO would almost certainly be expected to have his or her own views on this issue. Nevertheless, the Board felt strongly that it wanted to know its own mind on the subject so as to make more likely the chance that it would hire a new CEO that was reasonably aligned. This work was a joint effort between internal stakeholders and the consultant (Executive Coaching Connections).

<u>Recruitment</u> – By the time the calendar turned to 2017, the baseline of thinking was in place and IEWC was ready to engage its executive recruiting partner (Spencer Stuart) to begin the search process. The search was to be national in scope, but with an emphasis on candidates whose background would be most likely to fit the culture of the company.

Out of the earlier talent identification and talent development process, IEWC was fortunate to have five individuals who it considered to be possible internal candidates against the CEO profile. As mentioned previously, one of these individuals was the company's CHRO (now Michelle Osman). Of course, she was also central to the process itself. Needless to say, this caused challenges as a practical conflict of interest. However, this was ameliorated by her unique ability to walk on both sides of the line between advisor and candidate and by the earlier decision to have her candidacy considered independent of the main process.

The non-employee members of the GPC, in tandem with the search firm, agreed to conduct initial interviews with all five of these individuals and make recommendations to the full Board about true viability for the role.

After interviewing all five, the consensus among the non-employee GPC members was that only one of the five was truly a legitimate "ready now" candidate to compete for the CEO role with the candidates that the company's search firm would bring to the table. However, the non-employee GPC members also knew that there could well be other placement opportunities within the company for the other four. They saw that this preliminary process had allowed them to get to know all five at a much deeper level. The GPC also grappled with concerns about these other four candidates having possible "rejection hangover;" and so the members of the GPC took great care to make sure that they were well communicated with along the whole journey. In the end, three of those four candidates became a part of the new CEO's leadership team.

As IEWC began to engage in the external part the search process, its partner firm began to match their existing contacts and new contacts to the profile developed by IEWC. The search firm and IEWC stakeholders engaged in extensive candidate resume reviews and began to narrow down about 20 possible candidates to the half dozen candidates (including, now, the one inside candidate) who would come to a first-round face-to-face interview.

IEWC had traditionally believed in putting candidates in front of many interviewers (individually and in teams) – sometimes as many as 25 people saw a candidate. The belief was that this was the best way to get a complete picture of a candidate. Of course, this approach also had the disadvantage of time delays and fatigue. In this CEO succession process, however, the stakeholders concluded, on advice from their search partner, that candidates for a role at this level would not likely tolerate such a process. Thus, the stakeholders agreed to a limited number of interviewers (still a dozen people). The stakeholders also agreed to narrow the field to two (or, at the most, three) candidates for a second round. Then a third round would be a visit to the assessment firm and pass through other standard reference and background checks.

By the time the second round was complete, 8 of the 10 Board members had interviewed the finalists. The GPC was still driving the bus, but the stakeholders wanted as many of the Board members as possible to have a view of the finalists.

The final two candidates presented the classic conundrum. The company had two very strong candidates, either one of whom would have satisfied the company very well. One was internal, an extrovert by any definition, with nearly two years of successful track record at IEWC and 20 years of success at a Fortune 500 company more or less in the company's space. The other was external, an introvert by any definition, with 20 years of success at two Fortune 500 companies, also more or less in the company's space.

Assessment – It was at this point that IEWC was very happy to be partnered up with an assessment firm (MDA Leadership Consulting) in which it felt a high level of confidence. The firm would see the two finalists; and the company's CHRO challenged the assessment firm to make a specific candidate recommendation. Many such firms are very reluctant to make a specific recommendation, but this partner took up the challenge. Both finalists went through a preliminary battery of tests and a one-day session with the assessment firm. Thereafter, all GPC members met with the firm and received an exceptionally insightful series of thoughts about strengths and weaknesses of each candidate; and thoughts about why one of them, in particular, would have the best chance to lead IEWC to reach its business goals over a long-term horizon.

Having put both the top internal candidate and the top external candidate through this assessment process further strengthened the confidence of the GPC that they had found the successor CEO in the internal candidate (Mike Veum). He had been put up against the best candidates in the market via the company's executive search firm; and he had prevailed. This certainly also had a positive impact on his own self-confidence.

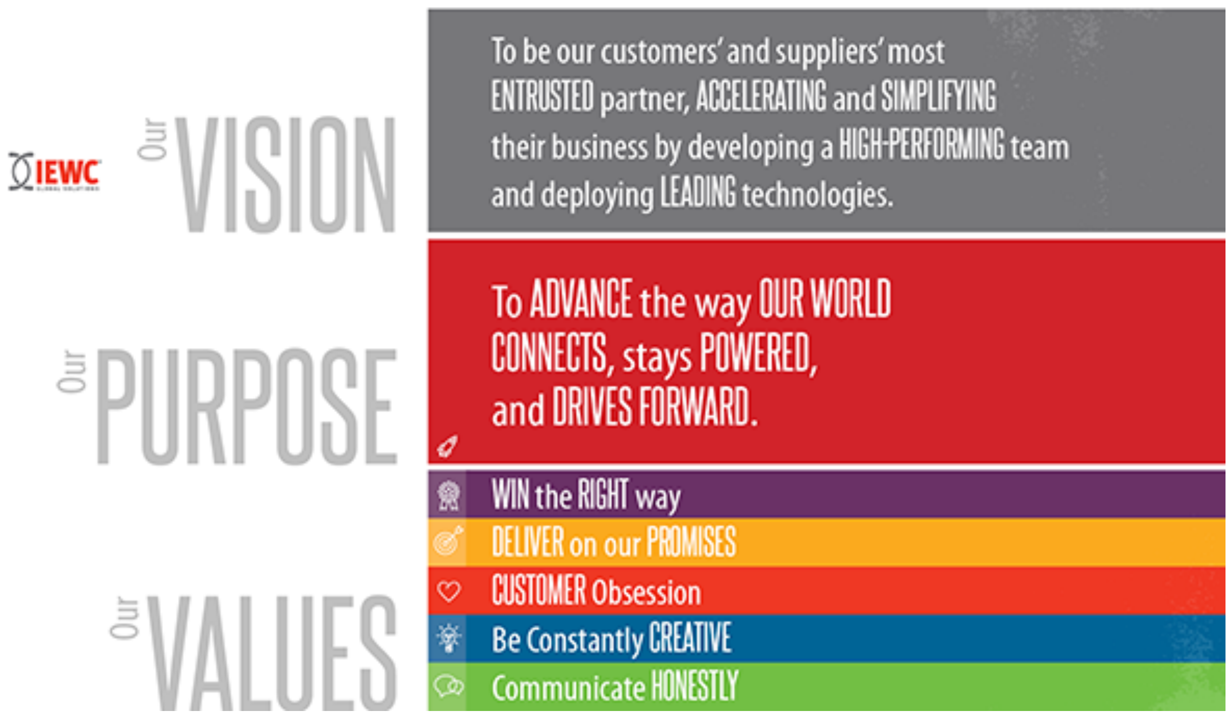
Shortly thereafter, IEWC took the time to put its other four original internal candidates through the assessment process to provide to insights into strengths and weaknesses and to get recommendations for their career development. This had the added benefit of further strengthening their retention, motivation and contribution long into the future. It also served to provide valuable insights to the future CEO, regarding possible organizational structure and leadership team makeup.

Hiring Decision – Once the GPC finally coalesced around a single candidate (Mike Veum), they were ready to make their recommendation to the full Board. The fact that the prevailing CEO candidate was the internal candidate made some of this end-game easier. Within a few days, the internal candidate had been directly signaled that he was the prevailing candidate. Compensation and benefits packages were negotiated readily and, by mid-August, 2017, the Board was ready to vote to put him into a transitional Corporate President role.

Transition – The timing worked out perfectly, as August was right at the beginning of the company's annual budget cycle; and this provided the opportunity for the new CEO to be to get right into the middle of the action.

He was also able to begin to build out his team and begin to put his stamp on organizational design and priorities, including an internal re-examination of strategy. Starting with the foundational work on values, completed by the CHRO and Talent Development Director in 2016, the new President assembled a team of company leaders and developed a new look at the company's overall strategic initiatives.

Below is the current high-level IEWC Statement of Strategy, which is representative of the output of that work. This confirmed for the Board that it had the right person as the company's new CEO.



In the meantime, the GPC worked with the outgoing CEO to define the financial and work expectations, as he would move into a Chairman's role for a few years. This negotiation led all stakeholders to agree on April 2018, the date of the company's annual meeting, as the time for the final part of the transition from one CEO to the next.

Through this entire process the Director of Talent Development had been assembling a transition plan, but conversations among all stakeholders made clear that the plan might look very different depending on the final person to take the role. An insider would transition different than an outsider. An extrovert would transition different than an introvert. IEWC concluded that it wanted a clear transition plan, with some critical guideposts, but that the mechanics of how those guideposts would be met would have to be fluid.

Additionally, the work of the assessment firm had given rise to a very comprehensive development plan for the CEO-to-be.

Both the internally devised transition plan (overseen largely by the departing CEO) and the development plan (overseen by the GPC) were executed very well.

In point of fact the transition proceeded in a way that exceeded everybody's expectations. Human nature dictates that. Fears are natural in such transitions, at all levels. The departing CEO wants respect and relevance. The new CEO wants freedom and support. The rest of the stakeholders want a smooth and productive exchange of power, so that their business goals are not sabotaged by conflict. Because IEWC succeeded in hiring its new CEO according to the preliminary thoughts around strategic alignment and the leadership profile, those fears never materialized.

Throughout the entire transition, the independence and capability of the new CEO, along with his professionalism and respect for the structure and the traditions of the company and its departing leadership team, helped to make everything go very smoothly.

At the end of the day, the incumbent CEO could feel satisfied that all of the planning, expense and hard work had paid dividends. He had led a planful approach to his own succession. And the quality of the next CEO gave him, and the entire Board, high confidence in the future. This allowed him to confidently step back, provide support as needed, and settle into the Chairman's role. The now departing CEO said, "I am very proud of the accomplishments of the entire IEWC team during my tenure as CEO, but nothing makes me more proud than setting the company up for another generation of success via the well thought out and well executed plan of succession. Without a future, every other accomplishment is for naught. I feel that being able to turn over the reins to a capable and energetic successor was a capstone achievement of my career."

Summary

IEWC's process was, no doubt, extremely detailed – maybe more so than many companies would wish to undertake. But it certainly did yield a very successful outcome – one that was awarded by Deloitte as a Best-in-Class succession activity.

In any process like this there are quite a few key learnings. Here are some of our key learnings –

- CEO Succession is a significant issue facing American businesses, large and small, as a huge wave of baby boomer leaders are moving into their retirement years
- CEO Succession is one of the greatest risks to face any company; mistakes are often made – and the price for a mistake is large, even catastrophic
- Succession can take many paths, but fitting it to the company's own context is the first step on the way to success
- Time is the friend of a succession process, especially if there is the luxury of a stable environment
- Complacency and living too happily in the present is the enemy of a succession process
- Ready-aim-fire; a planful process asks "why," "when," "how and "what" before it asks "who"
- Succession is an important opportunity for a business to make a "step-change"; new skills for a new generation

- It is very hard for most businesses to have enough really capable people just sitting on the bench, waiting for opportunity
- CEO succession is the primary responsibility of the Board of Directors; they must own any such process and it is imperative to have Board members with the skills and experiences to get the job done
- In CEO succession the internal HR team must also have the band-width for the process and make it a priority
- Talent identification and talent development are the strong foundation for succession because testing candidates through real development activities separates the wheat from the chaff among internal leaders
- Expert help can provide real leverage to the succession process and increase the chances of a successful outcome
- It is important to establish timelines, activities, headcounts and budgets, all against an architecture that pays attention to strategy, capital and culture (the business transition and leadership model)
- Important elements of succession include:
    - Organizational alignment – setting the table of company strategy at this stage doesn't ossify it nor does it tie the hands of the next CEO, but it does create a picture that is likely to bring better alignment; additionally, in succession it is vitally important to be deeply in touch with your own company's values
    - Leadership profiles – a very well-focused profile, that zeroes in on the few key "must haves", provides a vital roadmap to what kind of candidate you are seeking
    - Organizational modeling – visioning org structure helps to bring alignment with the candidates regarding the way in which the company might be organized for success
    - Recruiting – recruiters are not all created equal – make sure you're fishing in the right pond; having the right recruiter, who knows you and who has a broad enough reach, is critical
    - Assessment – business psychologists are also not all created equal – you will always want to work with someone who provides specifics and has a depth of perspective to test your favored candidates
    - Transition – a plan that fits the specific players is just as, if not more, critical than the planning and hiring itself; it's also important for the departing CEO to provide context and guidance, as needed, but also to get out of the way, as needed
- Communication in the right way is critical for all stakeholders of the company
- The process of planning must be flexible - Planning must always respect changing circumstances and new learnings

Biographies

John Nelson is President of BT+L Partners, LLC in Madison, WI. He is author of: "PiVOT – Transforming Organizations". His firm specializes in organizational transformations and is regularly engaged in strategy, organizational design, M&A integrations, culture change, Board and executive team development, and talent and succession management projects. John was instrumental in architecting the IEWC approach to CEO succession and has continued on the Board as a trusted advisor to the Chairman and succeeding CEO.

David Nestingen recently completed the full leadership transition to Mike Veum, with David becoming the Chairman of the Board and Mike the CEO. Currently he serves on a number of business and community boards; and he also mentors a number of young, aspiring business people. During his tenure at IEWC David led key drivers supporting strong growth, including –

- Leveraging the company's unique employee-ownership culture
- Building a group of strong leaders and team members through active recruitment, development and accountability
- Developing sound corporate and business strategies
- Driving strong organic growth and leading a number of greenfields and acquisitions
- Engineering many continuous improvement initiatives by building core competencies, business processes and IT systems, such as SAP, Salesforce.com and E-commerce
- Constantly evolving the company's organizational structures

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