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Notice, planning help smooth leadership transitions



CHAIN OF COMMAND: Fellowship Health Resources President and CEO Debra M. Paul with Director of Special Projects Joseph F. Dziobek, who she succeeded. PBN PHOTO/TRACY JENKINS

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Retirement had always seemed a long way off to Joe Dziobek, who ran the Lincoln-based Fellowship Health Resources Inc., for 29 years. His long-time mantra was, “I’ll know when the time is right.”

About a year ago, that time had indeed come, but he also knew, because Fellowship had a succession plan in place, that informing his board of directors would lead to review of two highly qualified internal candidates and, ultimately, selection of his successor, Debra Paul.

What he and the organization were less certain of, and had to find out by tapping into the expertise of a board member experienced with recruiting, was how to make the process “seamless,” so that when all was said and done, the transition would seem like nothing more than “business as usual.”

The principles of succession planning for longstanding top executives who retire are strikingly similar for nonprofits and for-profit organizations, but at nonprofits such as

Fellowship, the longevity of those recently retiring leaders called for transition plans, as well.

Identifying internal candidates well in advance of an actual change at the top and getting enough lead time from the outgoing executive are keys to a healthy hiring process, said Alan Wichlei, co-founder of FHR's first halfway house, board member and a partner at the civic-recruiting firm Isaacson, Miller of Boston. With both of those considerations in place, Wichlei said he was able to recommend an internal, as opposed to an external or combined, search.

"I talked with the executive committee and helped them understand the costs of doing a big, national search," Wichlei said. "In my view, if you've got good internal candidates, it is more desirable to cultivate them in most situations, because the transition becomes smoother: You know these people. They know the organization, and you can take the time to pave the way."

Asking confidentially if the board believed those internal candidates were ready was the next step, along with explaining the cost of time, money and energy to do an external search.

"If the organization doesn't fully agree [on candidates] there can be some damage to morale," he said. "It also can be hard to recruit the very best from the outside if they know there's a strong internal candidate."

Likewise, at the nonprofit Chorus of Westerly, George Kent had 53 years in before he retired in 2012 as music director, so Executive Director Ryan Saunders worked with then-president Deborah Dunham and the board of directors to come up with an approach for the search. But the question had been posed so often, "What will you do when George retires?" Saunders said, that the organization had "about six different succession plans in place.

"We tried to think of every scenario possible," he said, based on different degrees of notice Kent might have given, or "in case he was incapacitated – the 'hit by the bus' scenario. We tried to create a plan so, if that moment hit, there was this initial step of, 'This is how we go,' so there's not panic."

While they consulted Kent from time to time, Saunders noted that discretion was paramount.

"You never want to say, 'Hey, I'm writing your succession plan,' " he said. However, "There are parts of that job that only [outgoing leaders] know. And [Kent] has the

greatest level of artistic expertise of anybody in the organization, so we wanted to make sure that input was there. But you're also hiring someone to take the organization to the next level. So, how do you say, 'We want to change this'? It's a very delicate process."

When the time came and Kent confidentially gave a year's notice, Saunders said, the board did a national search that yielded nearly 40 highly qualified candidates from across the country, Canada and England. In the end, they chose Andrew Howell.

Both Paul, at Fellowship, and Howell, had been identified earlier in the process as candidates at their respective organizations, and each brought something fresh and distinct to his or her candidacy.

Howell is a former student of Kent's, a former child member of the chorus and he studied conducting with Kent at the University of Rhode Island, where Kent still teaches, Saunders said. Instead of a cover letter, the Chorus board crafted an application requiring a one-page letter articulating the candidate's vision for the organization.

"But he went through the process like everyone else," said Saunders. "His advantage is that the committee itself already knew him. I see that as being a pro and a con. They know what you're wonderful at and they know what you're not, so there could be preconceptions and judgments made. But he had to hold muster up against everybody and it was a competitive field."

Likewise, Paul's financial expertise as chief financial officer and her fluency in the latest trends in health care made her an outstanding candidate, Wichlei said.

"Part of the reason Deb is so well-suited is because of the current economic context in which the fellowship is working now with declining state support and increasing requirements to partner with established health networks," he said. "Her knowledge of health care finance and partnering, this is all really helpful to us, along with strategic thinking and building alliances. It's a level of organizational leadership you don't think of when you think of a CFO."

Once the succession planning paid off, the transition planning began. Hired so her tenure coincided with the start of FHR's fiscal year on July 1, Dziobek, who would later take on the role of director of special projects, let Paul run the leadership meetings.

"I took over developing the agenda and presenting at the meetings even though Joe

was still president and CEO,” Paul recalled. “It worked extremely well. It was like a slow integration of me leading the organization. It was helpful that the entire leadership team of FHR was in on the interview process, because during the process, I had to explain my vision for the company.”

Chorus of Westerly picked Howell, Saunders said, because the transition, they sensed, would be dynamic and responsive.

The board was “looking for someone who was willing to stay with us and build something with us,” he said, “and someone who understands what we’re doing here in Westerly. It’s not Boston or New York, but I don’t mean that in a bad way. We wanted somebody to make this to be their ‘alpha’ job. [For] George, this was his baby. We needed someone to have that same level of passion [for] it to allow us to survive and grow and change.”

At for-profits such as Westerly-based The Washington Trust Co. and Electric Boat of Groton, Conn., and Quonset Point, succession planning with smooth transitioning, human resources representatives say, helps make a change at the top manageable for everyone.

With Jeffrey S. Geiger, currently president of General Dynamics Bath Iron Works, replacing General Dynamics Electric Boat President Kevin J. Poitras, who is retiring Nov. 4, succession planning has been on the front-burner. Robert H. Nardone, EB’s vice president of human resources and administration, said he could not discuss that specific change, but noted that EB has succession plans with annual reviews for the vice president and director level – the top 50 or 60 key executive positions.

Choosing Poitras’ replacement “is a decision that was made by General Dynamics at that level,” he said. “We don’t pick our own president; the corporation is going to pick the president. In terms of development to get Geiger ready, we can’t talk about that, but there clearly is a planning process at that level to get that person ready.”

Likewise, Nardone said, when it comes to restructuring positions, “wherever we can, we want to have a diversified slate of candidates to consider. That’s why we solicit other business units within General Dynamics. The job is the job; we don’t normally go redesign the job. I won’t say, ‘Never,’ but there’s a focus on diversification wherever we can and that focus is more prevalent today than 10 years ago.”

At Washington Trust, annual succession plans help ensure that when a key executive does retire, not only can the proper search be conducted, but the new CEO will have time to work with the outgoing leader, said Elizabeth Eckel, senior vice president of

marketing.

“When we brought in [Chairman, President and CEO Joseph J. MarcAurele] a few years ago,” she said, “that was an example of an executive search where John Warren had announced his retirement and a search was done. Joe came on board in September [of 2009] and John retired that following April, and they worked side by side. We plan for that, enable that.”

Just this past month, Washington Trust acknowledged hiring Edward O. “Ned” Handy III from Citizens Bank as president and chief operating officer in part to set up a potential line of succession. MarcAurele will remain chairman and CEO. Having top-level executives available for future advancement from within helps ensure stability, Eckel said.

“Ned is filling a position that was open when Jack Treanor retired, so he’s actually taking some responsibility from Joe that Joe had been covering since that position was open,” Eckel said. “As the board of directors looks at responsibilities and roles, that’s where they develop the plan of who steps in in the future. Now that the vacant position is filled, there are no gaps in the plan. When a position opens up you have to decide how to fill the position or restructure [it].”

MarcAurele has no immediate plans to retire, she said.

In addition, Washington Trust’s succession plan includes a “talent-development component ... to ensure we have the right people, with the right skills to successfully run the organization,” she said.

At both EB and Washington Trust, ample notice helps smooth the transition, though retirement may be held close to the vest because it can be a very personal decision, Eckel said.

“We try to look at it in stages, so we always have more than one candidate ready for consideration depending on the timing of the event,” Nardone said. “Timing is critical. We’ve had on more than one occasion people who’ve been incumbents in positions for several years and announced their retirement in such a way that ensures we have somebody who’s ready. We don’t require a certain amount of notice, but when you get to a certain level, there’s some notice you want to give. It’s a courtesy, for the most part.”

Of course, whether in a for-profit or nonprofit, every new leader has to work with succession plans going forward. Paul, who is 50, hopes to model hers on the planning

that evolved as she replaced her predecessor, though she isn't thinking about it now.

“I'm still working on my first-year goals and developing funding sources, but I imagine I would start thinking about that halfway through my five-year contract,” she said. “I hope my succession plan goes as smooth as this one did.” •