



PLANNING FOR SUCCESSION AND A VIBRANT FUTURE:

Diverse Experiences From Five Pools

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Introduction

Pools have many leaders who are responsible for the strategic direction and long-term success of their operations, including board members, executives, and staff. Leadership changes and transitions are inevitable among these groups. Some will be planned and others may pop up as a surprise, but planning ahead of any change can help minimize disruption, ensure smooth transitions and keep the pool's success on track.

In this paper we present several examples of how to plan for leadership changes—through utilizing outsourced resources, hiring members into the pool, developing existing staff, and intentionally developing diversity—as well as an example of a pool that incorporates succession planning into every leadership role. We hope this encourages you to consider new ideas and practical advice that could apply to your pool's needs, culture, and members.

As you consider these ideas, remember that talent development and succession planning should be continuous and iterative, in order to ensure a vibrant and thriving future for your pool.

Five Case Studies

This paper illustrates a variety of ways that pools engage in succession planning activities from various geographic areas of the U.S. The authors of the case studies have decades of experience working with public sector pools in the regions they represent.



Emergency Succession: Outsourced Administration Saves the Day

John Nielsen, RPA-California

Implementing a successful succession process doesn't always follow a predesigned plan. Even pools with clearly articulated, long-term plans for succession may face sudden staffing changes or the unexpected departure of a chief executive. How can a pool best manage such a highly disruptive event?

To start, it's important to recognize that the recruitment process for a new pool leader is time-consuming, labor-intensive, and expensive; it's not unusual for the process to take six to nine months, depending upon the type of expertise and experience desired by the pool. Setting realistic expectations for the time and cost of the process is an essential first step. Subsequent steps may include:

- Assessing organizational needs, and changes that might be appropriate given the pool's new circumstances.
- Becoming familiar with pool executive salary and benefits benchmarks.
- Initiating a recruitment and hiring process.
- Advertising for and soliciting qualified applicants.
- Developing questions and interviewing candidates.
- Managing risks, liabilities, and personnel issues that may arise.
- Making the hiring decision.
- Negotiating an employment contract with the preferred hire.
- Onboarding the new employee.
- Exercising patience while the pool's new executive learns about the pool's operations and culture and becomes an effective leader (potentially a year or more).

All of these tasks must be done in a highly competitive talent market while also running the pool and meeting operational goals. A daunting task indeed!

The hiring process can be managed directly by pool staff, with input from the board, if the pool is large enough to appoint an interim director or has staff who can manage multiple roles. Pools

with outsourced administration may find they have unique advantages in this scenario, however. Such was the case when RPA's client Independent Cities Risk Management Authority (ICRMA) unexpectedly needed to replace its executive director on short notice within weeks of a significant strategic planning process.

ICRMA hired RPA to provide pool administrative services, including member services, meeting management, vendor oversight and executive staff. RPA employs a network of pool professionals with expertise in all aspects of risk program management in locations across the country. That network virtually guarantees there will always be an expert available to fill in when a staffing shortage or emergency arises. Additionally, outsourcing hiring and human resources work reduces the liability of the pool's board of directors, and, in this case, eased the burden of selecting a new chief executive without relinquishing the right of final hiring approval.

Immediately upon notice of the vacancy, ICRMA's board president and vice president directed RPA to begin the process of hiring a replacement, and to continue managing the imminent strategic planning process. Because RPA is a division of Gallagher, there were significant resources available to help with the recruitment and hiring processes and qualified candidates were quickly identified, vetted and reduced to a short list.

RPA facilitated board officer interviews with selected candidates, consulted on the hiring decision, and formulated a transition plan to assist the interim director until the new executive director completed onboarding. This all occurred within the four-week notice period.

Even without a formal succession plan, ICRMA was able to achieve a quick resolution because of its successful outsourcing partnership. Even more importantly, pool members experienced no lapse in member services or leadership and were able to participate in a successful strategic planning retreat so that they could look to the future with confidence.



Incorporating Members Into Pool Staff Succession

Scott Tennant, RPA East

RPA East has been hiring individual pool members to join its administrative team for more than 20 years. Initially, the intent was to achieve a closer alignment with the member needs of their seven pool clients. As time passed and that initial purpose was achieved, a secondary and equally important outcome emerged: creation of a strong succession plan for pool administration.

Public entity pool administration requires a thorough knowledge of the culture and operations of its pool's members. One of the best ways to incorporate this knowledge is for the pool to employ its members. Pool employees who have had working experience in a city, county, or K-12 school bring a keen understanding of the statutes, regulations, and cultural norms of their entity's operations. In our experience with multiple pools in New Jersey, these pool employees also possess the ability to manage multiple priorities, communicate clearly, and work effectively with a board to implement policy decisions.

Pool staff members who are former school district or public entity employees strengthen the bond between members and the pool's administrator. The natural affinity of having lived a member role can help a pool employee (and therefore our pool):

- develop strong relationships with members and prospects;
- offer reassurance to prospective members and new member leaders; and
- minimize the difficulty of change management when initiatives are implemented.

Administering a pool demands a knowledge set that is mostly foreign to public agency administrators, but it is knowledge that we can teach. However, the familiarity that comes from having lived a member role in a day-to-day capacity is not something we can teach; it's a significant value add that must be earned through work and experience.

To help our new member hires succeed, we offer support from seasoned pool administrators. We provide easy access to knowledgeable teammates to ensure a smooth transition for the hire, the members, and the administrative team as a whole.

By hiring members and mindfully incorporating them onto our team, we've found we can manage periodic staff changes and successions with grace and practically zero disruption.

As a member, I love having a former member as an executive leader because a) I have the familiarity of working with that person as a colleague and b) they know exactly what situations I am facing with teachers, secretaries, custodians and board members. I can give them a situation and they can relate to it because they have likely experienced the same thing.

Jodi Lennon, RSBA

Business Administrator/Board Secretary
Riverside Township Board of Education



Staff Development

John Ashton, RPA West

Sometimes an operation can become overly reliant on a single staff group for input, advice, and energy to move the organization forward. Over time this can become demotivating for staff both within and outside the input group. To address this issue we created a program to intentionally broaden the circle of people we were hearing from on bigger strategic issues and help set operational direction. During our pilot project, about a dozen relatively junior staffers participated.

The initiative wasn't originally imagined as an opportunity for leadership development or succession planning. Over time, though, we realized that the kind of work we were doing — discussing big issues facing our company, thinking through the next few years, evaluating decisions we'd made or were planning to make — was helping staff build some muscles they'd need as they moved up in their careers. Pretty quickly, then, what began as an effort to take some pressure off our current leadership group evolved into a forum for cultivating future leaders.

Over the years, rotating teams became responsible for specific projects that they'd likely never get a chance to take on in their regular jobs. These projects included creating a more thoughtful career development process for staff; conducting an enterprise risk assessment for our company; evaluating new opportunities for business development and marketing; and producing a crisis management plan. In each case, the team had to present and defend its ideas before the rest of the group, refine them, and then finalize them in the form of an action plan with specific steps, timelines, and responsibilities.

While this was good for general development, we also recognized the need for focused efforts to prepare the next generation of pool leaders. Consequently, we created an extensive, individualized two-year development curriculum for interested staff.

Participants attend regular mentoring meetings, interact with other senior-level management on specific projects, and cross-train to learn aspects of the pooling business outside of their individual areas of specialization. Through this combination, participants gain both insights into their own unique development needs and an appreciation for the intricacies of pool administration on the whole.

To date, we have run two cohorts and seen some major successes, including:

- Creation of a new director of operations role, designed to accommodate an individual's expanding skills and abilities. This, in turn, created an advancement opportunity for another individual, adding to the pipeline of future pool administrators.
- Promotion of a key employee to a division leader role. This led to expanded professional skills, a better customer experience for pool members, and a growth path to high-level leadership in the future.

Intensive staff development requires a significant investment from senior leadership — both to mentor and to weigh in on individual projects and cross-training opportunities — but we think the investment is not just worthwhile, it's essential. We don't worry that if we train our people they will leave. Instead, we consider what will happen if we don't invest in them and they stay.



Succession Planning as Strategic Opportunity

Mel Diaz, Gallagher Benefit Services

Sometimes a surprising departure can create opportunity. Such was the case when our pool chairman took his leave and we recognized the chance to reinvent our Executive Committee, establish a succession plan with purpose, and support the long-term vision of the pool.

When this particular chairman left, he was replaced by a chairperson who also happened to be the sole woman on the Executive Committee. She agreed with the staff's assessment that to ensure the future success and growth of our pool, the structure of the Executive Committee had to change to be more reflective of pool membership.

With the new chairperson's support, we focused on the following key items to modernize the pool's leadership committee.

- **Diversity/Representation.** For this pool to grow and flourish, it needed to expand its recruitment efforts outside of the Chicago Metro area. Our goal to expand to different parts of the state made it particularly important that Executive Committee members reflected people running business operations at the diverse school districts that made up the pool. This would help build and maintain affinity with our operation. Consequently, as individuals were being considered for potential roles on the Executive Committee, the pool committed to continuously building a leadership team that represented the geography of the pool, and—more importantly—the diverse communities that it served.

- **Building Bench Strength.** Knowing that turnover was a constant factor, the pool continuously recruited candidates for potential roles within the Executive Committee. If there were no vacant positions individuals had an opportunity to become part of a sub-committee with a vital role for the pool: making recommendations on future wellness initiatives and programs that would help control the effects of the long-term medical trend. Involvement on this committee helped participating members feel involved and valued in the pool, and built a well for us to draw from as we planned the Executive Committee.
- **Continuity in Strategic Direction.** Our staff is focused on ensuring that the strategic direction of the pool is mindfully crafted and executed day in and day out. And, during periods of leadership change, our team provides historical information and documented strategic decisions that can quickly be communicated to the next pool leader. This level of stability is crucial during transitions—unexpected or routinely planned—from one chairperson to the next.

By committing to the three principles outlined, we ensure our pool operates seamlessly during periods of change, continues moving forward aligned with its strategic vision, and experiences little to no hiccups when successions occur.

Beautiful Blended Model Makes MUSIC

Interview with Mark Stockwell, Executive Director

The Missouri United School Insurance Council (MUSIC) has executed successful succession planning in multiple ways over its 36-year history. Established in 1985, MUSIC's current Executive Director, Mark Stockwell, credits the pool's success to a strong governance structure and the commitment of its school and pool administration leaders.

One aspect of succession planning involves board leadership. We asked Mark about the pool's board and how they manage board turnover. He replied, "We have a great board. It's amazing that Gallagher, as our pool administrator, and our first Executive Director, Dr. Jack Holley, created such a functional format for our governance structure." He explained that board members represent multiple regions in the state. They are appointed by the current board and ratified by the membership six months later. Mark described the process: "We're on a calendar year program, but board members usually retire at the end of a school year, or on June 30. When we have a vacancy mid-year, the Board solicits candidates through a nominating committee of board members. We collect resumes and the board selects the interim board member. The interim board members are re-affirmed by the members at our January membership meeting. The board candidates have been vetted and recommended by the board, and that way, you don't have 400 members voting on a board representative that they don't know."

He continued, "I don't have a say in who the new board members are. I solicit and gather information, but the board makes the selection. We try to have a mix from around the state, from different sizes of districts, and we seek diversity of experience, age, sex, etc. We have to solicit new members sometimes in order to achieve diversity, but we try to make sure that everyone is represented." When asked how the process works overall, Mark emphasized, "We've always had very good board members!"

Mark himself is a former board member, so he was familiar with the workings of the pool before he became executive director. His predecessor served as executive director for 18 years. The process of hiring his replacement spanned 20 months, altogether. When asked about how the process worked, Mark commented that it was extremely helpful to have the overlap during a renewal

THE TIMING LOOKED LIKE THIS:

October 2013—Gary Van Meter announces retirement; exit date of June 30, 2015.

November and December 2013—the MUSIC Board decides to hire a business official, not an insurance person. The position is advertised to the membership.

January 2014—the Board interviewed candidates and selected Mark Stockwell with a hire date of July 1.

July 1, 2014—Mark begins as Associate Executive Director, working alongside Gary Van Meter for six months (including one renewal cycle).

January 2015—Mark takes over as Executive Director, with Gary Van Meter as an advisor for another six months.

cycle. The length of time also allowed for introductions to school boards and associations around the state. He expects that when he retires, a similar process will be followed, although he will suggest a shorter time frame for the overlap.

Mark also noted that if the transition had not been set up properly, the burden would have fallen to the Gallagher team. His perspective is that the interests of the pool members and pool administration are always aligned, but they are not always the same. That point of view is the reason why the pool employs an executive director. Mark clarified: "MUSIC hired Gallagher to manage the program, but Gallagher might not know what's going on at the school level. Superintendents want to talk to someone who has sat in their chair, and who knows the issues at the ground level. The executive director has school credibility, and that is important to pool members."

He emphasized the importance of having all perspectives working together to meet the needs of the members. He gave the example of working with outside contractors (such as finance or audit) who do not understand the needs of school members; Mark brings the voice of the members to the table. Mark said: "The reality is that the Gallagher team does 99% of our administration, but my part—developing the plan, communicating with members, that's important." As executive director, he assures continuity of operations and messaging.

Mark's input and perspective increases the success of program

planning, as well as communications. He gave the example of implementing a new learning management system. Gallagher found a creative solution that would allow better tracking and deployment of training material. However, Mark knew that the process and offerings needed to be scaled and easy for end-users, who are fatigued with online learning. Together, incorporating all perspectives, a succession plan for new technology was created and successfully implemented.

We asked Mark for any advice he would offer to other pools facing the turnover of leadership. He said: "You need a plan and you need time." He cited the importance of having appropriate documentation of processes and procedures and the need for good communication and member engagement. He also recommended plenty of one-on-one face time, and in-person training for new leaders.

The next phase of succession planning for MUSIC is to prepare for the transition of administrative staff. Mark said, "Gallagher has done such a great job of managing this program. It would be so much harder if that weren't true. We've got the technical expertise that we need to sustain our success. Our core team is outstanding, very loyal to the pool, and they've all been around 20 years." With the inevitable future of retirements and staff changes ahead, Mark noted that planning for those changes have already begun, and will build off of the success MUSIC has experienced in leadership transitions, in order to assure stability and success in the years to come.

Mark Stockwell is a financial leader with 37 years of financial management experience. He holds a B.S. in Business and an M.B.A. from Eastern Illinois University. He also earned certifications as a government finance officer (CPFO) and a public accountant (CPA). His career includes 16 years of financial management experience with the State of Illinois and the City of Carbondale Illinois. He held the positions of CFO for the Clayton and Parkway School Districts for 15 years and recently began his eighth year serving as the Executive Director of the Missouri United School Insurance Council (MUSIC).



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