The Role of the CFO/Finance Director: Succession Planning and Effective Transitions

June 24, 2017

Sarah Koser, President of FGFOA, Interim Finance Director, The Villages
Jeff Smith, Clerk of the Circuit Court & Comptroller, Indian River County
Diane Reichard, CFO, Plant City
Agenda

- Succession Planning Concepts
  - Talent Management
  - Promotion Planning
  - Cross Training
- Opportunities gained from being the successor
- Stories related to assisting with succession planning
Succession

Management

Talent

Potential

Strategy

Stretch

Planning

Agility

Leadership

Mentor

Performance

Learning

Future

Mentoring

Development

Potential

Talent

Strategy

Management

Stretch

Planning

Agility

Leadership

Mentor

Performance

Learning

Future

Mentoring

Development
Plant City, Florida

Winter Strawberry Capital of the World
Population 37,841
Core Principles Underlying Succession Planning

1. **Leaders really do matter** … in managing accountability and results.

2. **Performance is what counts** … top performers over high potentials (both count).

3. **Today’s top performing leaders aren’t necessarily tomorrow’s** … even our best leaders can fall behind or derail.

4. **Talent is an enterprise resource** … must be willing to share talent.

5. **A broad set of experience & assignments is the best classroom** … a balanced approach is necessary for development.

6. **It’s vital to leave a legacy of future talent** … current leaders must teach, mentor, and role model others on what it takes to succeed.

7. **Invest in the best** … focus on the rest.
Does Succession planning only come in last 100 Days?

- What is your role?
- How do you build strong leaders?
- Do you know your skill shortages?
- Have you engaged your employees?
- Where can I find new talent?
GFOA Best Practice

“Key Issues in Succession Planning”

Some of the ideas will be covered throughout the presentation
Focus for Today

- Not on Baby Boomers Retiring
- Some Keys Concepts:

1) **Talent Management** – provides a process that leaders can use in team meetings to calibrate ratings amongst the team.

2) **Promotion Planning**

3) **Cross Training** - ensure that a major organizational crisis will not occur in the event of an unexpected departure.
What do Future Leaders Want?

- People aren’t simply looking for a job; they want meaning and impact

- Leading edge tools to recruit candidates who are highly compatible with a progressive workplace culture
  
  http://agency.governmentjobs.com/wellington/default.cfm

- Once hired, how do you “communicate expectations”
Four levers for learning

- On-The-Job Experiences: 55-65%
- Mentoring or Coaching: 5-10%
- Training or Continuing Education: 25-30%
- Motivated Self-Development: 5-10%

At least 80% comes from experiences and mentoring!
Talent Management

- Plan but be flexible to change
- Know individual goals
  - Help design their path to success
  - Let them see their potential future
  - Managers sometimes see something different in an individual than they see in themselves
  - Set 1 and 5 year goals to coincide with company goals
High-Potential People
Biggest Opportunities

- Right people on the bus
- Right people in the right seats
- Wrong people off the bus

When in Doubt, Don’t Hire Keep Looking!
Train High-Potential Employees

- Be proactive – find a promising candidate
- Keep an open mind – watch for people with the best skills
- Have strategy conversations - with potential managers
- Offer regular feedback – note achievements, superb presentations or great performances
- Train/mentor peak performers – develop / refine skills
  Technical skills, tact, and diplomacy are vital.
- Do a trial run – during vacation
- Develop a hiring strategy – look for talent gaps
Good leaders – Mentor Leaders

“Good leaders make organizations successful, and bad leaders ruin good people.”
- Bob Rivero, CPA

- Determine areas for improvement
- Develop a specific plan
- Have regular face-to-face meetings
- Be committed and receptive
- Develop a reporting schedule
“You can accomplish anything in life provided that you do not mind who gets the credit.”

Harry S. Truman
Develop Skills - Inside

- Volunteer to participate on a team
- Lead a team
- Develop training classes
- Shadow someone
- Join professional organizations
- Participate in a mentoring program
Develop Skills - Outside

- Network to build relationships
- Volunteer with professional and state organizations and local chapters
- Self motivation is a crucial skill for success
- Planning and organization are important management skills
Succession Planning Approach

- Identify needs
- Identify key positions and competencies
- Select potential candidates
- Select development & training activities
- Implement activities
- Monitor progress
Promotion Planning

Assess Key Positions

Identify Key Talent

Assess Key Talent

Initiate Development Plan

Monitor Development Plan
<table>
<thead>
<tr>
<th>Key Position Title</th>
<th>Incumbent Name</th>
<th>Position Vulnerability “Open In”</th>
<th>Succession Candidate Names “Ready In”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>&lt; 1 Yr</td>
<td>1–3 Yrs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Succession Plan Concept

- Map out key members of the department
  - Assess impact of departure
  - Identify potential skill shortages (color code)

- Consider future restructure
  - Be open to change
  - Rearrange reporting & oversight responsibilities
  - Add responsibilities to a talented person
    - Increase salary rather than hire another person
  - Is outsourcing an option
Succession Plan Concept (cont)

- **Employee Development**
  - Challenging work – see upward potential
  - Responsibility
    - Professional meetings
    - Major project
  - Recognition
    - Take note of leadership characteristics
    - Provide motivation to go to next level
Identify and Profile Target Positions

1. Assess Program Objectives
   - Analyze work force
   - Define measures

2. Design Leadership Excellence
   - Leadership competencies
   - Functional skills/knowledge
   - Industry Knowledge
Identify and Profile Target Positions

3. Evaluate Documentation Tools
   - Employee Profiles
   - Bench Strength

4. Evaluate Development Tools
   - Internal Training
   - Universities
   - Mentoring/Coaching
   - Job Rotation
Identify and Profile Target Positions

5. Implement Development of High Performers
   - Select Person
   - Create Individual Development Plan (IDP)
   - Conduct Evaluation & Document
Cross Train

- This is a non-stop concept
- Share all information via common drive
- “Team” knowledge
- “Team” decision making
- Stretch/test employee knowledge
  - Push outside comfort zone
  - Safety net if necessary
  - Provide opportunity to solve problem
How to Manage Transition

- Regular communication – staff
- Acknowledge legacy and achievements
- Identify skills & acknowledge losses
- Develop transition plan – solicit ideas
- Facilitate movement to new beginning
  - Allow grieving
  - Deal with anxiety
  - Focus on future mission, vision and values
- Address challenges
"Why Succession Planning is Essential: The Case of the Runaway Talent"

https://www.youtube.com/watch?v=GZ8C3ie0drw
The Villages Community Development Districts

Sarah Koser
Interim Finance Director
Outline

- The Villages CDDs Background
- Events leading to The Villages seeking a Deputy Finance Director
- Preparations for succession
- Tips for preparing the successor
- Conclusions
The Villages CDDs - Background

- 16 Units of Local Government
- 15 Community Development Districts (CDDs)
- 1 Dependent District of Sumter County

- $260 Million budget – overall
- 289 Full-Time employees
- 775 Part-Time employees
The Villages CDDs - Background

- Public Safety (Fire & Community Watch), Recreation, Water & Sewer, Solid Waste Collection, Property Management, and Community Standards (Deed Compliance)
- 82 Elected Officials
- District Manager
Leading Events

- Finance Director – desire to retire in 12-24 months
- Need for knowledge transfer for continuity of operations
- Complexity of Districts – long learning curve
- Current Accounting Manager retired
- Desired skill set not available in remaining staff
- Allow sufficient time to parallel work prior to Finance Director retirement
Preparations for Succession

- Surveyed current staff
- Advertised position – developed new job description
- Reviewed applications
- Interviewed – included 3-step interview
  - 1st – District Manager & Finance Director
  - 2nd – District Manager, Finance Director, and 3 elected officials (3 separate governments)
  - 3rd – Finance Supervisory Staff
Preparations for Succession

- Made selection from candidates
- Began training/orientation
- Slowly transitioned duties from Finance Director to Deputy Director
- 29 Months – training (not planned)
- Transition smooth – sufficient knowledge transfer . . . . Except
- BOND ISSUANCE - - -
Tips For Preparing the Successor

- Make lists – everything that is odd or unusual
- Review not only processes but players
- Make introductions – elected officials & media
- Train successor on the difficult tasks first
- Past history is important – transfer knowledge
- Try for quick wins to establish competence and reputation
- Hand over in small blocks
Tips For Preparing the Successor

- Things to consider:
  - Fiscal year – year end
  - Major projects in progress
  - How much time necessary to train successor
  - Informal notification to supervisors, key staff, auditors, etc.
  - Formal announcement
Tips For Preparing the Successor

- Prepare your staff
  - Relinquish the spotlight
    Allow successor to take the lead
  - Organizational clean up
    Take care of problems before turning over
  - Performance evaluations
    Make sure they are completed prior to transition
Tips For Preparing the Successor

- Allow time to speak freely
  - Let your successor know the good, bad, ugly
  - Hold nothing back
  - Any media stories in progress
  - Upcoming Board debates – hot issues
  - Past and pending audit reports
  - Major capital projects – upcoming & in progress
  - Projects on the back burner
Tips For Preparing the Successor

- Relationships
  - The political landscape
  - Current employee culture
  - Who are the key allies
  - Who are the mentors in the department
  - Who are the ones to watch
You Can’t Control Everything

- Politicians are ultimately in charge
- You can’t control the economy
- There will be some missteps
- Successor will have new/other ideas
- Best to keep post retirement opinions to yourself
Final Thoughts

- Start preparing successor at least a year in advance
- Use first six months to solidify policies and people
- Last six months to do clean up – no mess left behind
- Use last 100 days to get department and successor ready for smooth transition
  - Turn things completely over
  - Just observe
  - Be there to answer questions
- Use last day to reflect on job well done
  - And to plan that much deserved vacation
Contact Information

Sarah C. Koser, Interim Finance Director, The Villages
352-753-0421
Sarah.Koser@DistrictGov.org

Diane Reichard, CFO, City of Plant City
813-659-4215
dreichard@plantcitygov.com

Jeff Smith, Clerk of the Circuit Court & Comptroller, Indian River County
772-226-3160
JSmith@Clerk.Indian-river.org