

Getting Ready for General Manager Succession

BY THANE JOYAL AND JEANIE WELLS

Whether or not your cooperative expects to hire a general manager (GM) in the next year, your board should have an awareness of the skills and resources that would be needed to accomplish this essential task. Even if your GM is doing great and has no expressed plans for retirement or other career changes, your board needs to be aware of the process and steps. GM change comes to every co-op eventually. Don't become complacent!

But we have an emergency succession plan...

Most boards require, through governing policies or other means, that their general manager have an emergency succession plan in place to ensure continuity of operations in the event of the unexpected. However, the emergency succession plan should never be thought of as a substitute for ongoing, strategic staff development. The best staff development plan aims at preparing one or more individuals to become a general manager at any co-op—not only at yours!

What should we focus on to be ready?

Let's examine the question of preparing for GM succession through the lens of the Four Pillars Model of Cooperative Governance, specifically those for teaming, strategic leadership, and accountable empowerment. (For more information about the Four Pillars Model, see <http://www.cooperativegrocer.coop/articles/2014-02-06/four-pillars-cooperative-governance>.)

Teaming: How is the board's relationship with the general manager? Does the board receive timely and useful information from the GM? Are the board and the GM able to communicate effectively and respectfully? Does the board make decisions and work well together? Is there healthy and respectful discussion of relevant issues in the boardroom?

Accountable empowerment: Are the board's expectations for the GM's performance clearly stated? Do the board and manager have regular discussions about performance through monitoring and other reporting? Is the board satisfied

with the GM's performance? Is the board able to speak with one voice and stand by the delegations of authority that it has made? Do monitoring reports clearly demonstrate performance toward success of the co-op?

Strategic leadership: Does the GM have a long-term plan that is aligned with the board's expectations? Is the board looking into the future to understand the external and internal changes that may affect the co-op? Does the board engage in strategic learning?

How do we prepare for GM succession?

Keeping open an active internal dialogue between the board and general manager is the best way to ensure that your co-op is ready for a successful management transition whenever it is needed. In Carolee Colter's article, "The Coming Wave," in the January–February 2015 edition of this magazine, she discussed approaches to managing GM succession, including growing your own and recruiting from outside. These are not mutually exclusive approaches, and both are a part of successful GM succession planning.

Path 1: Grow your own

Whether or not there is a known date for GM departure, in the best circumstances the GM is working to develop talent within the co-op, including developing one or more internal people to build their skills and be ready to apply for a GM position. A qualified GM candidate will have already built strengths in many core areas. In order for the co-op to have qualified internal applicants when the time comes, an existing GM can proactively identify possible future candidates and help them build strengths where they need to round out their particular set of skills.

There should never be an "heir apparent" or someone who will be appointed by the GM—after all, this is a board decision. But the GM can be instrumental in identifying and developing some key staff, so that they will have built their skill sets in order to be stronger candidates when the time comes to begin the hiring process. Even if the internal candidates are not ultimately hired, the co-op benefits overall from having more developed managers.

Path 2: Recruitment

Even with diligent staff development, sometimes when the GM decides to leave a food co-op will not have a qualified internal candidate, nor will the board or GM feel there is anyone who could be coached and trained into the position within a reasonable amount of time. These co-ops may want to recruit the new leader they need from outside the co-op.

Several good co-op general managers of today were recruited from outside of food co-ops and have transitioned well into the co-op sector. Outside candidates from conventional grocery or other sectors can bring with them broad operational insights from a different scale or perspective, and they can bring strong leadership experience that can be valuable assets to the co-op. Occasionally, boards may mistakenly consider an unqualified candidate only because the candidate has a co-op background and may miss a great candidate coming from a different sector. External candidates can be strong contenders for general manager positions if they have appropriate strategic decision-making experience, an affinity for the impact the co-op wants to make, and a willingness to learn. Working with an executive search firm, while costly, will help bring to the surface qualified candidates from all sources.

Keys to a successful transition

Successful GM transitions will depend on a few critical pieces that support a strong hiring process and strong communication protocols.

A strong hiring process: Be clear about the core skills the board wants and needs in a new GM. Since boards that use Policy Governance describe the responsibilities of the GM in policy rather than in a separate job description, a job summary and associated core competencies needed will help candidates who are unfamiliar with Policy Governance. It is important for the board to have alignment and clarity around the most essential qualifications before the resumé comes in, otherwise the board can become fractured or swayed by experience that is not as relevant to the position you are filling.

Compile that list of core skills into a matrix that can be used to evaluate each candidate consistently. Internal and external candidates

should be screened according to their match to each core skill or competency.

Do research on equitable compensation. The compensation range will depend on the geographic region, the local labor market, and what other food co-ops of the same size are paying, for example. Sometimes the board may find that it will cost much more to replace their GM than they were paying their departing GM. Conduct homework to know the market value of general managers. Co-ops enrolled in Co-op Metrics have access to some comparative GM compensation data, but for more customized help, a co-op may want to hire outside assistance in determining appropriate compensation ranges.

Strong communication protocols throughout: Share the basic framework of the hiring process with the staff and owners to build confidence that a strong and fair hiring process will be used. The identity of candidates and interview details must be confidential, and building trust in the process is critical if there is to be support for the decision that the board ultimately makes.

The board and/or search committee will need clearly established protocols for how it will share information with the rest of the board.

Maintain professionalism at all times. The community will be very interested in the general manager transition. Have clear talking points and protocols established for the board and the staff so that everyone is ready with responses to customers and the media about the hiring process.

Co-ops can find more information and resources on this topic in the "Hiring a General Manager" toolbox, available at the Cooperative Grocer website: <http://www.cooperativegrocer.coop/toolbox/hiring-a-general-manager>.

Development according to desired outcomes

Internally and externally sourced candidates alike will need a framework upon which to base their individual learning plan. A board of directors will not be writing the development plan but should require a GM to create one. Such a plan will help provide structure to the GM's own development and ensure a GM will reach the outcomes the board is seeking within a period of time. Development plans are good for new and veteran GMs alike, but they are especially critical for newly hired general managers. Each key area the board wants the new GM to be an "expert" in should be clear, so that the GM can ensure he or she is building his or her own development toward those outcomes.

For example: If the GM is expected to be proficient in Policy Governance and report writing, what is his or her plan to learn that? Who will help him or her learn this? If the GM is expected to understand the prevailing trends in the cooperative and natural foods industries, what plan will he or she follow to become an expert in this area within the allotted time? If there are certain operating practices or preferences that are meaningful and valuable to the staff, such as Open Book Management, how will the new GM quickly build proficiency in those areas?

Managers are expected to demonstrate leadership skills and professional behavior from their first day through their last year. How will the GM ensure that he/she is continually developing these skills? This, too, should be included in a development plan.

For every item on it, the development plan should include how the GM will approach mastering it, who will provide support, and a basic timeline or periodization. A great plan will have the name of the person,

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program, or plan written next to each item on the list, and will note which areas are priority for the first quarter, etc.

An external leadership coach can often provide leadership skills and mentoring. Encouraging new and veteran GMs to contract for external coaching services

sends a strong signal to the GM that his or her own development and support is valuable to the organization and worth the investment. CDS Consulting Co-op is piloting a new coaching program in 2015; more information on this program will be announced later in the year.

Be ready!

For a board of directors, receiving the news that your GM is leaving can be worrisome. But having a solid plan, built upon a strong foundation can ensure that the co-op will make the best possible hire and have the best possible chance for a smooth and successful transition. ■

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