



Board Development

Succession Planning: Why is This Such a Big Deal Today?

by **Mike Felmlee**
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Why is it that we continue to hear board members express their frustrations and concerns over a lack of formal succession plans for their CEO's and senior leadership teams? We find this hard to believe considering the "war on executive talent" we continually read about.

Recently, we had the pleasure of working with Dave Murphy, President of Red Wing Shoe Company, and a member of several boards of directors. I took the opportunity on a flight back to Minneapolis, Minnesota from Hood River, Oregon to get his insights and perspectives on this "hot" topic.

As President of Red Wing Shoe Company, do you have a formal succession planning process in place for your senior executives?



Dave Murphy

We have a very straightforward and simple process in place today. For each executive that reports directly to me, I require them to identify candidates within their organizations who could succeed them and to include their state of readiness. Like a coach, I want to know who's ready right now and who could be ready in two years. I even want to know who they're thinking about four plus years out. Even more important than the "who," I want to know "what" they're doing to get these future leaders ready. A name without a development plan for these future leaders means nothing to me.

Some people are confused over "contingency" and "succession" plans. Could you clarify this for us?

Yes, a contingency plan is a plan that needs to be in place if the CEO or a key leader gets hit by the proverbial bus. Generally speaking, this is a short-term plan and typically involves naming an interim leader until a new leader is named. Thus, a contin-

gency plan differs significantly from what we're trying to do with a longer-term succession planning process where we're grooming many people to take on future leadership roles and to intentionally build our overall company "bench strength."

Switching gears, I understand that as a board member you do not like to share the details of your contingency and succession plans with senior leaders. Why not?

I believe the details of the CEO's contingency plan should be known by a very small group of board members, the CEO, and his/her replacement. To share this with a larger group doesn't make sense to me because there are too many unknowns. Why create an environment that could result in disappointment and possible

resentment among your senior leaders, unnecessarily? I've seen very talented people leave organizations because of this.

I also want the organization to get as many of its leaders ready to take the CEO role as it can. We don't want to go outside the organization to name our next CEO if we have the talent in house. We want to spend the time to get to know other executives, both inside and outside of the board room, as this helps us assess their potential to lead the organization some day.

Any other words of wisdom?

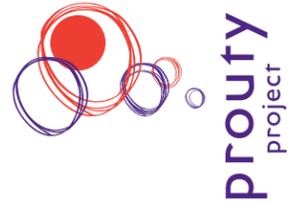
As a board member, don't forget it's your responsibility to ensure a smooth CEO transition. Ensure you have a formal succession plan in place and know the next generation of leadership is well prepared for the challenges ahead.

Thanks Dave for your thoughts at 39,000 feet.

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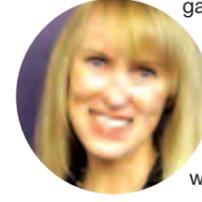
ISSUE
1
2012

New Year, New Look

We're thrilled about our new look, new team members, and the 2012 Stretch Expedition

New Look: As we head into our 25th year in business we're excited to unveil our new look with this issue of our newsletter. A special thanks to the Minneapolis-based Intercom Agency for their help in crafting a fresh, energizing feel.

New Team Members: We're also excited to introduce you to Teresa Engeltjes and Christie Devine, the two newest additions to team Prouty. Teresa joins us after spending 15 years in the advertising agency and art gallery businesses.



Teresa Engeltjes

Christie is a recent graduate of the University of St. Thomas. While interning with us, we were so impressed with Christie's service attitude we said "must hire." We're confident you'll enjoy working with them.

2012 Stretch Expedition: As you think about opportunities to "stretch" this year, please consider our 2012 Stretch Expedition, an environmental service opportunity in the Galapagos Islands. April 15-25, 2012, we have limited space available. Interested? Please connect with Melissa at melissa.gennert@proutyproject.com.



Christie Devine

Have a wonderful January. The first 25 years in business have been an absolute joy. We look forward to the next 25, and look forward to seeing you soon.



"C" NOTE QUOTE:
"The delicate balance of mentoring someone is not creating them in your own image, but giving them the opportunity to create themselves."

Know the quote?

If you know who said this quote, please send an email to: melissa.gennert@proutyproject.com or call 952.942.2922 by **Friday, January 27**, one guess per individual. If we have more than one correct answer, we throw those names into a hat and draw the winner of a \$100 gift card.

Last issue's "C" Note Quote winner is...

Mark Hvizdak, Minneapolis, MN.

Mark knew that Sir Richard Branson, Chairman of Virgin Group, said the following:

"To me, business isn't about wearing suits or pleasing stockholders. It's about being true to yourself, your ideas, and focusing on the essentials."

Congratulations Mark!

Mark says, "I've recently come into a new position within the nonprofit field, and I've really been meaning to upgrade both my wardrobe and knowledge of fundraising. So I plan on purchasing a new suit and some books that will aid my professional development. I might also buy a pint or two."



Mark Hvizdak

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Thanks.

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Strategic Planning

“Mind Travel” with Tim Foster, The Partners Group, Foster Klima & Company

by **Jeff Prouty**
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If you spend a couple hours with Tim Foster, sooner or later the concept of “mind travel” comes up. Tim describes “mind travel” as the art of thinking about all the things you want to do and want to be in life.

Tim and I spent two hours together and the conversation was ripe with wisdom for aspiring and mid-life entrepreneurs. Tim, 66 years old, has been in the insurance/investments industry for 45 years.

He and his team built Foster Klima & Company to a 150-employee business and, as a member of “Top of the Table,” his sales performance ranks him in the top 1% of worldwide players in the industry.

Enjoy these “gold nugget” excerpts from our entrepreneurial conversation:

Top of the Table, the Top 1% in the World

What differentiates these top performers from the other 99%? Repetition, persistency, always wanting to modify and improve, and they write their goals down. The activity of “writing” is powerful.

Three Tips for Other Entrepreneurs

- 1) Board of advisors: Use the talents of those who have done it or tried it before.
- 2) Appropriate leverage: Don't leverage your business to over-finance your personal life. Invest, and keep reinvesting, in your business.
- 3) People first: Do it right on the front end (hiring), as it's a lot tougher to fire on the back end.

Tragedy

I lost my brother and business partner, Joe, when he was 44 and I was 33. We had been in business together nine years. The loss of Joe taught me that you have to make a decision to get off the track or get moving again in life. Once you get beyond your tears, you have to find the constitution and fortitude to believe that you can achieve your goals.

Finding Good Partners

It's a lot easier to find investors than to find partners. Finding a business partner requires you to think about a hiring interview

and an exit interview all wrapped together. In finding a good partner, you need to dig deep and understand even more about yourself.

70/30, My Gut Says

70% of business owners are leaders, 30% are managers. Those who are managers have done very little succession planning. Their businesses will die within the next generation.

Mom's List

My mom always had a list of ten things she wanted to do. Unfortunately, life forces you to keep crossing things off the list. But,



Tim Foster

until life is over, there's always something you can do on your list. My mom and I listened to Pavarotti together in her final moments on earth.

A Portfolio Life

Create a portfolio of life experiences that takes into account what you like to do, and what you are good at. Reminder: Whenever

you get into something, give some thought to how (and what) you're going to get out of it. As a leader, your business will be stronger if your “life portfolio” is sorted out.

Beretta: Italian Gun Maker

This company was started in the 1500s. It is the oldest continuing operations company in the world. What will it take to keep your company profitable and successful for over 500 years?

The End of Every Speech

I've given many speeches in the past 45 years, and I usually end with an emotional story. But they all have five common themes: Passion, purpose, faith, family, fun. Remember, laughter has to be on everyone's to do list.

It's a lot easier to find investors than to find partners. Finding a business partner requires you to think about a hiring interview and an exit interview all wrapped together. In finding a good partner, you need to dig deep and understand even more about yourself.

Tim Foster,
The Partners Group,
Foster Klima & Company

Join Us!

We are excited to present our Jammin' Series schedule. These are high-energy, interactive, and engaging sessions designed to stretch your thinking about business and leadership strategy.

Held the first Tuesday of each month, from 7:30 – 9:00 a.m. in our Creative Think Tank or Strategic Leadership Lab. Seating is limited, so we ask that you register online at proutyproject.com and click “Prouty Events” or email melissa.gennert@proutyproject.com

A \$20 donation will be accepted at the door benefitting the Prouty Project's STRETCH Fund of the Minneapolis Foundation. Please bring cash or check payable to the Prouty Project.

	January	No Jammin' Session due to the New Year's holiday.
No. 167	February 7	Lynn Olson , MBA, PhD, CEO & Principal Consultant, The Innovation Group “Edge Leadership: What Leaders Need to Know About Taking Hold, Turning Around, and Sustaining Their Organizations”
No. 168	March 6	Dina Fesler , Executive Director, Children's Culture Connection “Taking on the Taliban: American Kids Launch the World's Greatest Anti-bullying Campaign”
No. 169	April 3	Tanya Bailey , MSW, LICSW, Director, Natural Connections Learning Center; and Peter Bailey , Senior Vice President, the Prouty Project “Plugging in to the Un-plugged: How Animals and Nature Support Leadership and Transformation”
No. 170	May 1	Julie Sands Causey , Chairman, Western Bank and Director, Federal Reserve Bank of Minneapolis “Business, Banking, and the Federal Reserve Bank of Minneapolis”
No. 171	June 5	Matt Norman , President, Dale Carnegie North Central US “How to Win and Influence in a Matrix”
	July	No Jammin' Session due to the 4th of July holiday.
No. 172	August 7	Scott Edinger , Founder, Edinger Consulting Group “Making Yourself Indispensable” (Session Note: To be held on our boat, the Think Tank II)
No. 173	September 4	Jacquie Berglund , Rambunctious Social Entrepreneur and CEO, FINNEGANS “My Personal Journey in Becoming a Social Entrepreneur” (Session Note: To be held 4-5:30 p.m.)
No. 174	October 2	Les Kaschner , Senior Consultant, FranklinCovey “Creating a Culture of Execution”
No. 175	November 6	Jim Delaney , Founder and CEO, Engine for Social Innovation “Attracting, Engaging, and Developing the Next Generation of Dynamic Leaders”
No. 176	December 4	Nick Tasler , Bestselling Author and CEO, Decision Pulse “The Decider Advantage: Why Skills, Talent, and Experience are Useless Without It”



Organization Development

Grooming Leaders and Solving Community Challenges

by **Grayce Belvedere Young**
grayce.belvedere.young@proutyproject.com

How do you engage the future leaders of your business? How do you groom those leaders for even greater success? How do those leaders build their professional networks in a thoughtful way? All the while addressing needs in our community? Ask Jim Delaney, founder of Engine for Social Innovation, who has launched a new organization to answer these questions and more. Jim views the needs of grooming leaders with the needs of our nonprofit community as an asset.

nam Investments as well as serving on several nonprofit organizations' boards, including the YMCA. “I felt like I wasn't contributing the talents and ideas that I could and that led me to consider how to leverage interested people who are dedicated and have big ideas, but not necessarily big wallets.”

Jim pitched an idea to the YMCA to bring together a group of interested people to work on a strategic challenge for them. “It wasn't swinging a hammer or serving on a

I am very proud of our healthy, vibrant non-profit organizations. They provide incredible services to solve our community's challenges.



“As someone from the Twin Cities community, I am very proud of our healthy, vibrant nonprofit organizations. They provide incredible services to solve our community's challenges and yet, I know that they are in need of additional resources to address the many requests they face.” So, on one hand you have a nonprofit in need of resources and on the other hand you have businesses that are in need of grooming the next generation of talent. What a perfect fit!

Engine for Social Innovation brings together a cohort team of younger professionals to tackle a challenge for a nonprofit in our community. The professionals are seeking opportunities to learn new knowledge and gain greater experiences. The teams are matched to a nonprofit project in which they work through the project management stages of concept, research, analysis, recommendation, and evaluation.

Along the way, they learn solid business acumen, team effectiveness, and leader development skills. They expand their network of other, next generation leaders in the Twin Cities while learning about the nonprofits in our community. And they have some fun. “The ping-pong table helps to burn off steam when the official meeting is over.”

Engine emerged as a business idea for Jim after many years at U.S. Bank and Put-

board, but offering a much-needed solution to their resource constraints – dedicated people to offer valuable recommendations for increasing their donor base, educating the community about the YMCA, improving membership retention, and so on.” Jim emailed 25 friends who forwarded it on to their friends and, in 10 days, 90 people signed up. Clearly a need!

Jim figured out how to turn this idea into a bona fide business and Engine was launched in June 2010. To date, 14 teams of employees from PriceWaterhouseCoopers, Thrivent, RBC Dain, and other businesses have participated and worked on projects for 11 nonprofits. The projects have included building earned income revenue models, reporting/ROI, and developing best-practices across divisions and branches of larger nonprofits.

Ryan Anderson, from Thrivent, offered this comment, “Working with a diverse and high-performing team of professionals has expanded my professional network and my ability to view problems from multiple perspectives. I've never had a better professional development experience anywhere.”

If you have future leaders that you'd like to provide a unique development opportunity to, please feel free to contact Jim Delaney at jdelaney@poweredbyengine.com.