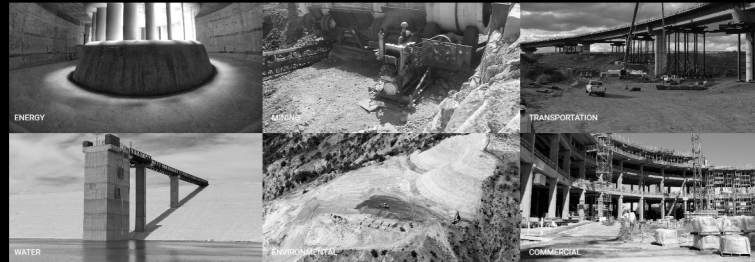


# Strategies for Successfully Transitioning Your Construction Business: A Panel Discussion



## AGC Minnesota Construction Summit

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### Panel Introductions

- **Aaron Benike**, Vice President of Operations, Benike Construction
- **Chris Duininck**, President, Duininck Incorporated

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<b>Overview</b>	Succession Management Defined	01
	Succession Planning Model	02
	Bringing In the Next Generation	03
	Keeping the Plan Relevant	04

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## The business case

Every Private Business will eventually transition either voluntarily or involuntarily

- 01 **Approximately 80%** of business owners do not have a formal plan for transferring ownership of their companies.
- 02 According to the U.S. Small Business Administration, only **30%** of Private Business are successful in their 1<sup>st</sup> generational transfer – a **70% failure rate** – and only **14%** pass from second to third generation, with barely **4%** making it to the 4<sup>th</sup> generation.

What is the exit strategy?

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## Four dimensions of transferability

LEADERSHIP

OWNERSHIP

LEGACY &  
VALUES

WEALTH  
TRANSITION

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## Why is Succession Planning Important in Construction?

Massive leadership changes in the construction industry are on the horizon.

The next wave of owners must be trained now for companies to retain their value after the transition.

**90%**

Construction leaders transitioning  
business within 10 years

**68%**

Companies with documented  
actionable succession plans

**64%**

Documented emergency succession  
plan

**1/5th**

Construction companies haven't  
experienced ownership changes



Source: cre-2021-construction-survey-report.pdf (wjofli.com)

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## Succession Management Defined



A systematic and defined **process** to ensure **continuity for key positions** by identifying and developing roles and people to fill them

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“If we don’t get the people thing right,  
we lose. It’s the most important  
thing in all our businesses.”

– Jack Welch, Former CEO, General Electric (GE)

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## Panel Question

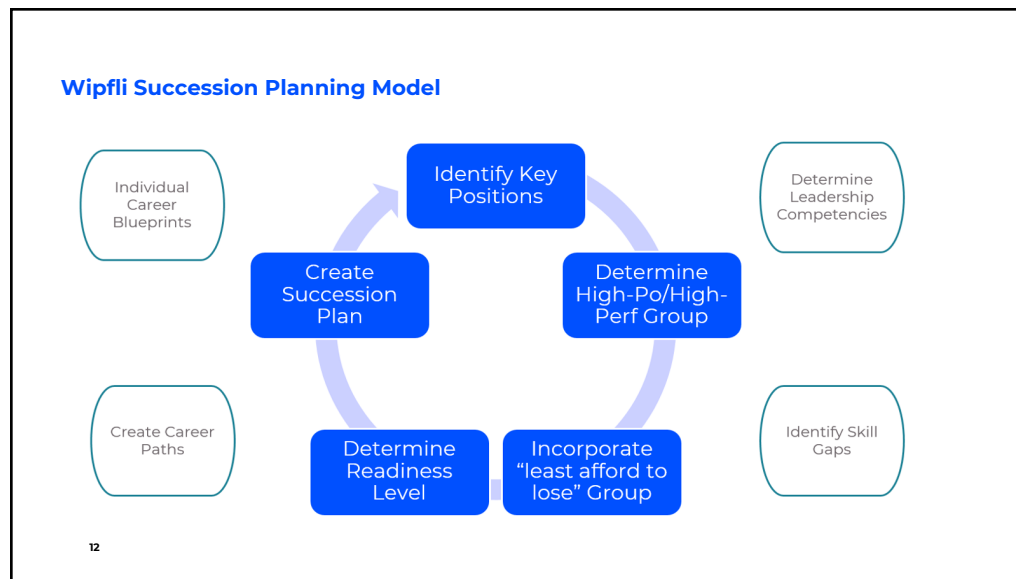
How did you start your journey of generational transition?

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### Replacement Planning vs. Succession Planning

Replacement Planning	Succession Planning
Reactive	Proactive
Risk Management	Talent Management
Replacing/Substituting	Renewing/Energizing
Unstructured Approach	Organized Alignment
Exclusive	Inclusive
Rigid	Flexible

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Source: *Grow Your Own Leaders*  
Authors: Byham, Smith, and Paese

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### The Link to Business Strategy



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One of the things we often miss in succession planning is that it should be gradual and thoughtful, with lots of sharing of information and knowledge and perspective, so that it's almost a non-event when it happens.

— Anne M. Mulcahy —

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## Panel Question

**What resources did you engage in this process (time, financial, outside support)?**

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**Ownership of  
the Process  
Starts at the Top**

- Must be owned and led by the CEO/President
  - Partner closely with senior leadership
  - Ensure the company is taking a long-term view regarding the people needed today and into the future
  - Ensure ownership of the process going into the future
- HR (or other designee) initiates the process annually

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**Step 1:  
Current Talent  
Assessment and  
Identification of  
Next Generation  
Leaders**

**Gather and review pertinent management reports and documents**

- Organization charts
- Strategic plan and any other pertinent reports outlining plans for retention or future growth
- Employee talent inventory with job titles, department, years of service
- Relevant job descriptions
- Identify high potentials for future leadership positions
- Succession plans should be considered for all critical positions in the company (CEO, CFO, CHRO, SVPs, VPs, Superintendents, Foremen, Other Critical Roles, etc.)

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**Step 2:  
Create Future  
Leadership  
Development  
Plan**

**The Plan for growing your next generation**

- Deliberate, co-active coaching and development plan
  - Developed with current leaders and next gen leaders
  - Includes SMART goals, actions, timelines, success measures
  - Consider external coaching to build needed leadership skills and competencies
- Determine timeline and expectations

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**Panel Questions**

**How did you decide ownership and leadership?**

**How did you bring in the next generation?**

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**Step 3:  
Executing  
Succession Plan**

- Meet with new leaders regularly to execute development plans (initially monthly and then at least quarterly to keep momentum)
- Primary responsibility for achieving outcomes in development plan is for the new leader. Current leader plays an active role in providing tools, resources, and opportunities to experience leadership success.
- Assess readiness level along the way
- HR can project manage but ownership of process is with current leaders.

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**Step 6:  
Succession Readiness**

Succession Planning Readiness Chart										
Position Title:	CFO									
Position Key Competencies:	Integrity	Strategic	Problem Solving	Communication	Confidence	Coaching				
Current Incumbent:	Bill Financier									
Evaluator Name:	Leadership Team									
Candidate Name	Current Position Title	Current Department	Readiness Level (Place an X in appropriate column)					Competency Strengths		
			Interim	Ready Now	2-3 Years	3-5 Years	Long Shot	Strength	Strength	Strength
Mary Controller	Controller	Accounting	X					Strategic	Problem Solving	Integrity
Adam Accountant	Accountant I	Accounting				X		Communication	Problem Solving	Integrity
Nick Numbers	Actuary	Actuary			X			Problem Solving	Confidence	Integrity
Beth Assistant Controller	Asst Controller	Actuary			X			Strategic	Confidence	Coaching

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**Panel Question**

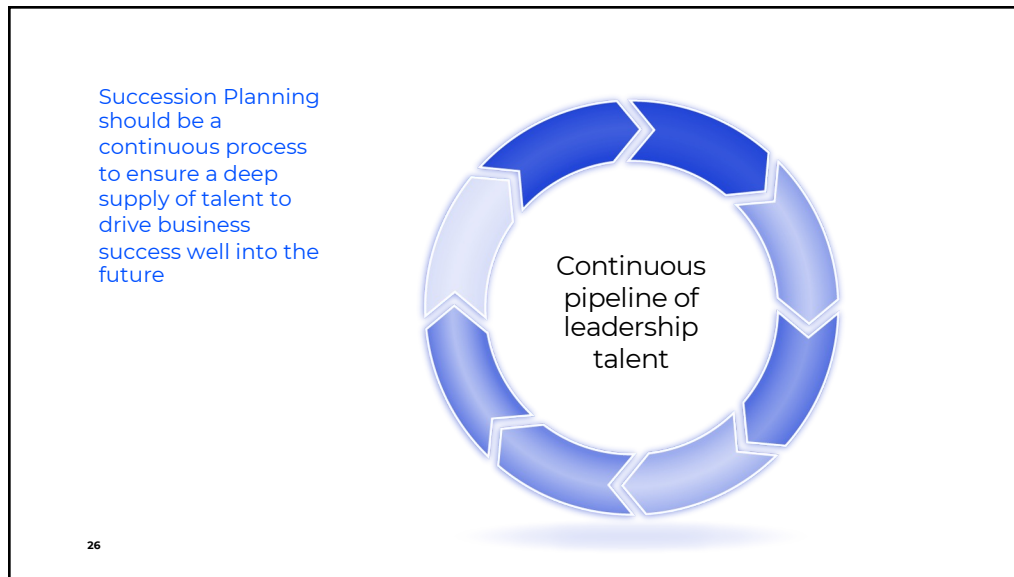
**How do you train and develop your next gen?**

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### **Importance of Succession Planning and Leadership Development**

- Avoid extended and costly vacancies in key positions
- Assures the stability of business operations
- Provides development opportunities for key employees
- Increases retention of high potential employees
- Maximizes bench strength
- Increases odds of a successful business after transition

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### **Panel Questions**

What key learnings have you had going through this process?

What would you change?

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## Download the E-book:

How Construction Firms Can Create a Comprehensive Workforce Strategy



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# Thank You!

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