

The challenges of succession planning extend beyond the personnel side, Holmes says. Regardless of a co-op's size, managing senior staff transitions well consumes finances and staff time.

"We're in an environment where every CEO is asked to cut costs," he says. "So on one hand, co-ops are being asked to cut costs, and on the other, they're being told that they need to do succession planning. Well, succession planning can get expensive. If they really do it right, it's an investment."

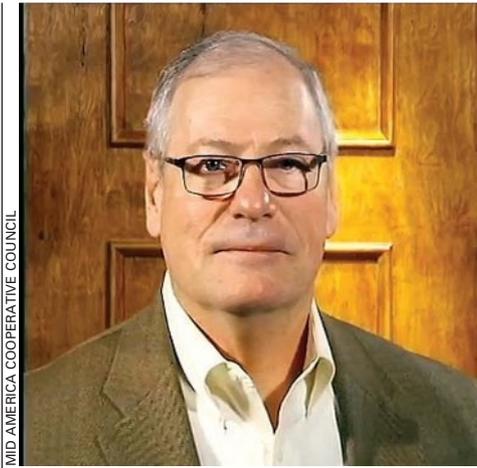
Kelsay agrees.

"The co-ops work hard to develop people, but it's not easy to accomplish," he says. "In these times, it's hard to carve out another three weeks to send people to training programs. But that's the kind of exposure to new ideas that will allow them to go through succession planning. You need to have a structure to take time out for personal development."

The benefits of training

One co-op that has embraced the concept of succession planning is Associated Electric Cooperative in Springfield, Mo.

"We've implemented a very solid succession planning process with a formal executive development program," says Shawn Calhoun, Associated Electric's director of human resources. Candidates selected for the program must demonstrate potential for greater responsibility within the co-op.



MID AMERICA COOPERATIVE COUNCIL

"You can't quickly fill in the holes in an organization. So we encourage co-ops to have a backup support system for every part of the business."

ROD KELSAY, EXECUTIVE
DIRECTOR, MID AMERICA
CO-OP COUNCIL

"It doesn't guarantee advancement," she says, "but it does give people the opportunity to develop and improve their skills so that they are stronger candidates when potential senior staff openings are available."

In developing Associated Electric's succession plan, Calhoun collected benchmarking data on leadership competencies utilized by other utilities. These leadership competencies were demonstrated by senior managers across the utility industry and in a variety of leadership roles. She met with Associated Electric's senior staff to identify the leadership skills and competencies they consider instrumental to the organization.

"We identified eight or nine categories," she says. "Then we hired a consultant to develop a 360[-degree] feedback tool."

The result is an executive coaching program in which candidates for promotion are mentored by senior staff members and can shadow other staff positions as well. These

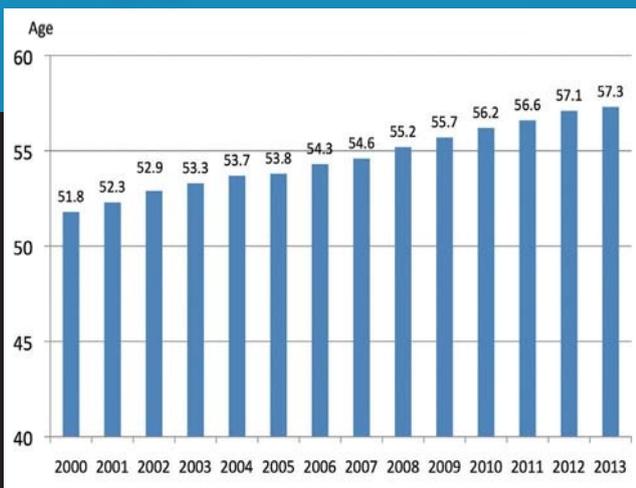
employees take mandatory in-house leadership training and may also opt to take external training.

Holmes says such training programs have a two-pronged effect: They educate and inspire potential leaders, and "it is also a pretty good indicator of staff who have the ambition to move up."

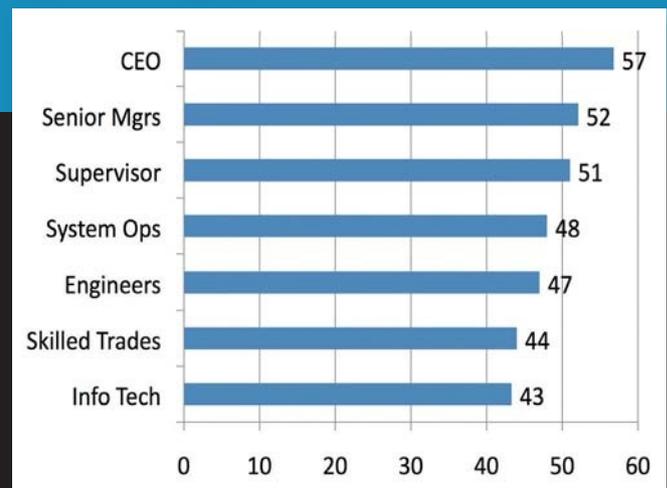
To emphasize the importance of training upon co-op leaders, Holmes worked with NRECA's education and training department to create a new course for co-op directors that will be offered at the 2014 Regional Meetings. The class, called "Succession Planning: Developing the Purpose-Driven Organization," discusses the role board members play in ensuring that there is not only a plan for a replacing a retiring CEO but also a process that ensures ongoing senior staff development.

Beyond simply being informed, directors or trustees can be instrumental in transi-

Average Age of Co-op Managers Trending Up



Average Age of Co-op Employees by Job Category



Source: NRECA IFS Data Warehouse (includes G&T managers). April 2014