Decoding the leadership formula of succession planning

Laura Cataldo

Nationally recognized top 15 accounting firm

We have grown organically over the years from a regional Midwest accounting firm to one of the 15 largest firms in the U.S. by broadening our service offerings and expanding our geographic presence to meet the evolving needs of clients.

$546.6 million in revenue

2,800 team members

One of the **15** largest firms in the U.S.

32 offices

14 states

Headquarters CHICAGO, IL

Construction & Real Estate Practice

> Construction and real estate generates more than $80 million in revenue

> As a stand-alone practice, the construction and real estate team would place in the top fifty largest accounting firms in the US

> 300 professionals including more than 40 partners

Top Industries Served

| Construction/ Real Estate | Energy & Utilities | Financial Services | Higher Education | Healthcare/ Senior Living | Manufacturing & Distribution | Public Sector/ NFP | Professional Services | Retail/ Automotive | Technology |

The reality

Nearly 40% of internal job moves made by people identified by their companies as "high potentials" end in failure.

Harvard Business Review

84%

of talent management professionals agree that demand for high-potential employees has increased in the past five years due to growth and competitive pressure.

47%

believe their current talent pool does not meet their needs.

Source: UNC Kenan-Flagler Business School Study

85% of North American and Asian companies felt they did not have enough qualified successors in the pipeline for key leadership positions (Harvard, 2013)

85%

Organizations agree… identifying high-potential employees is important, yet only **9%** said they had a systematic process in place to identify them.

Making high-potential criteria measureable can be invaluable… offering non-emotional measurements to managers and senior leaders, many of whom may be "championing" candidates.

Source: UNC Kenan-Flagler Business School Study

In the next 15 years, 75 million baby boomers will retire. That's an average of 10,000 people leaving the workforce *per day.*

Pew Research Center

65%

are not confident in their ability to fill mission-critical roles.

Source: UNC Kenan-Flagler Business School Study

BAKER TILLY

Agenda

I. Succession planning overview

II. Management vs leadership

III. Competencies that drive business strategy

IV. Leadership potential

V. Compensation strategies

Succession planning defined

Succession planning:

Succession planning is providing guidance on how the company continues to operate after the incumbent leaders are no longer in control.

Key components:

> Ownership Succession
- Prepare owner(s) to exit from a company
- Adequate financial resources to sustain or support succession plan

> Management Succession
- Competencies and capabilities necessary
- Leadership readiness

Baker Tilly succession planning methodology

ASSESS CURRENT STATE ❯❯ UNDERSTAND INDIVIDUAL GOALS ❯❯ ESTABLISH COMPANY GOALS ❯❯ PREPARE GAP ANALYSIS ❯❯ IMPLEMENT A WRITTEN PLAN ❯❯ FOLLOW UP ASSESSMENT

Step 1: Assess current state

Objective: Understand the current state of succession planning and assemble source documents and references.

Procedures:

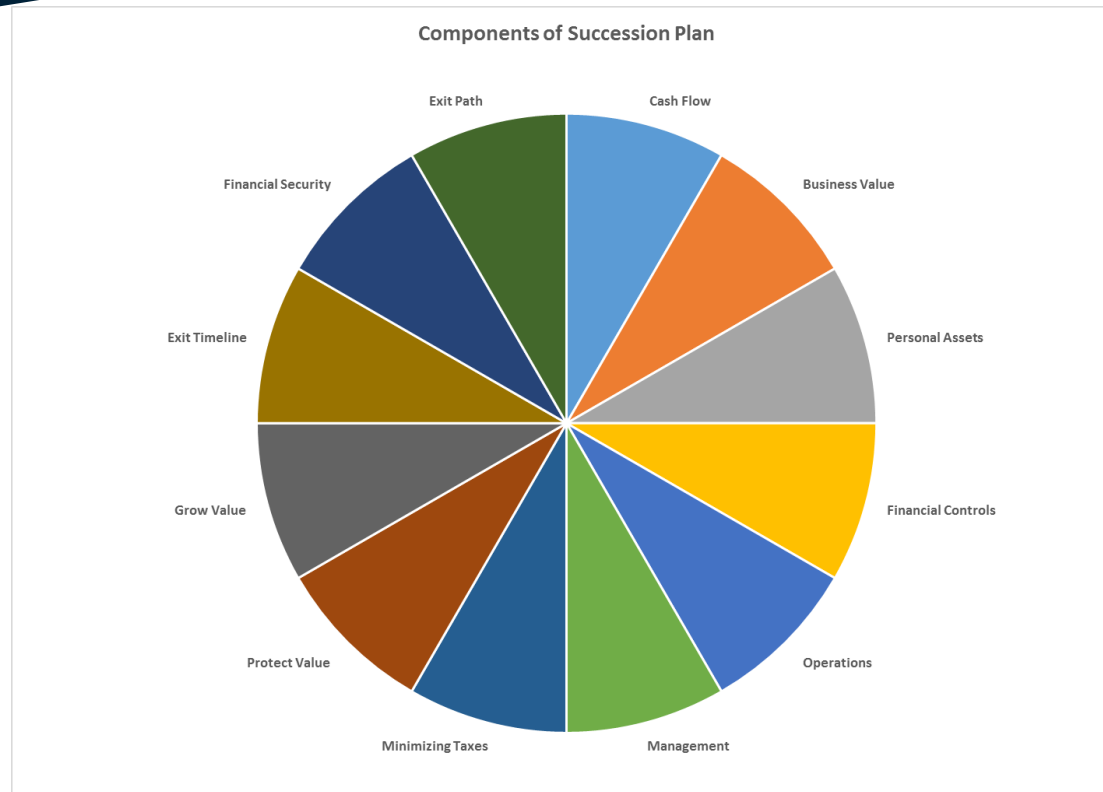> Initial discussions with key leadership personnel

> Gather all relevant information:

- Current and future cash flow
- Governance structure
- Leadership roles and responsibilities
- Strategic plan
- Buy/sell agreements
- Estate plans

- Valuation reports
- Retirement plans
- Deferred compensation plans
- Identified future leaders
- Key strategic partners
- Liability exposure

Step 2: Understand & evaluate individual goals

BAKER TILLY

- Strategic business goals
- Business continuity
- Maximize & protect business value
- Owner objectives and financial resources
- Ownership transfer

Components of succession

Components of Succession Plan

> **Maximize & protect business value**
>   – Cash flow
>   – Business value
>   – Personal assets

> **Owner objectives & financial resources**
>   – Exit path
>   – Financial security
>   – Exit timeline

> **Business continuity**
>   – Financial controls
>   – Operations
>   – Management

> **Ownership transfer**
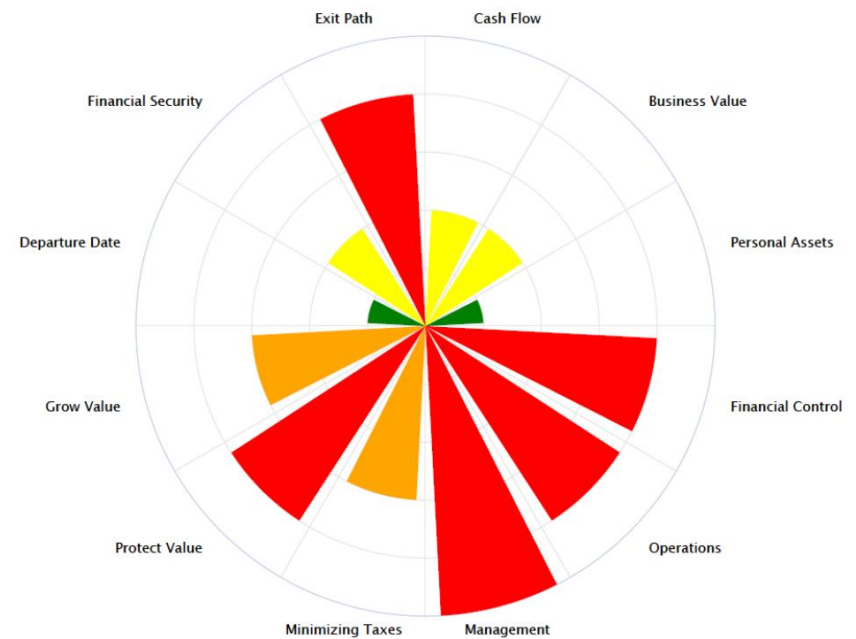>   – Grow value
>   – Protect value
>   – Minimize taxes

BAKER TILLY

Objective: Create a prioritized list of goals for each owner/leader.

Procedures:

> Hold individual Q&A sessions to discuss key aspects of succession planning

> List and prioritize goals for owner(s)

Succession priorities

- Management
- Financial Control
- Operations
- Protect Value
- Exit Path
- Minimize Taxes
- Grow Value
- Business Cash Flow
- Business Value
- Financial Security
- Personal Assets
- Departure Date

Urgent

Critical

Important
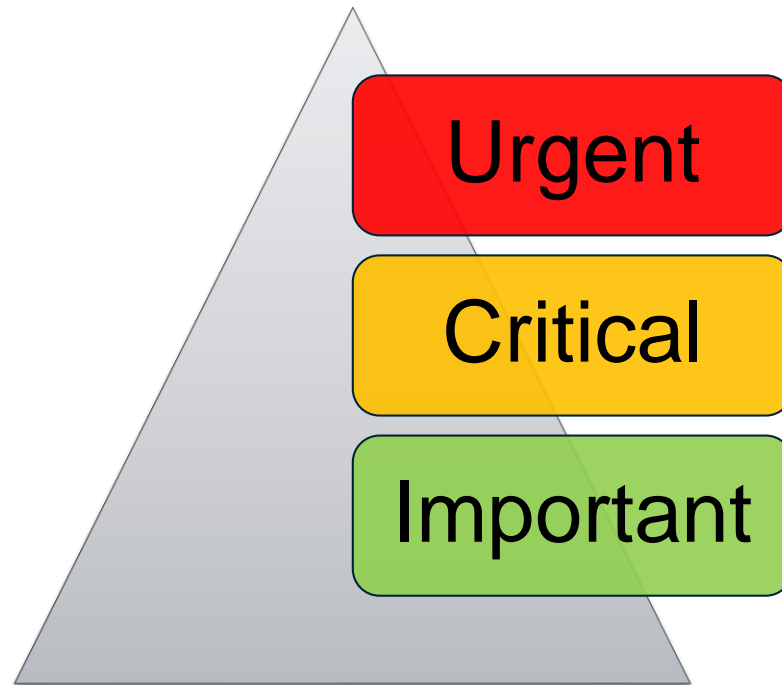
Step 3: Establish company goals

Objective: Prioritize the objectives and goals of the company's succession plan

Procedures:

> Compare individual responses from step 2

> Identify differences in vision, expectations and goals

> Create potential outcomes to address differences

> Prioritize goals (impact, difficulty, time, cost, etc)

> Hold conversations with management

Step 3: Prioritize company goals

	High Impact	Easy to Implement	Most Difficult	Cost to Implement	Length of Time
Transition role to family successor			X		X
Exit no later than Dec 2019	X				X
Cash-out 25% of stock by 12/19	X			X	
Maintain leadership role			X		
Split real estate from company		X			
Settle unfunded liability	X			X	
Equal distribution to 3 children			X	X	

Step 3: Alignment to company values and goals

BAKER TILLY

Personal goals

- Transition role to family successor
- Exit no later than Dec 2019
- Cash-out 25% of stock by Dec 2019
- Maintain leadership role
- Split real estate from company
- Settle unfunded liability
- Equal distribution to three children

Company strategic goals

- Diversify client base
- Invest in career development
- Create infrastructure to support growth
- Standardize systems and process

Company values

- Safety
- Innovation
- Commitment to employees

# Step 4: Prepare gap analysis

Objective: Produce a gap analysis report highlighting the differences between established goals and the current state of the company.

Procedures:

> Compare assessment of current state with the prioritized company goals to determine misalignment or gaps

> Identify action steps need to move towards each of the goals

Company goals

Current state

Gap analysis
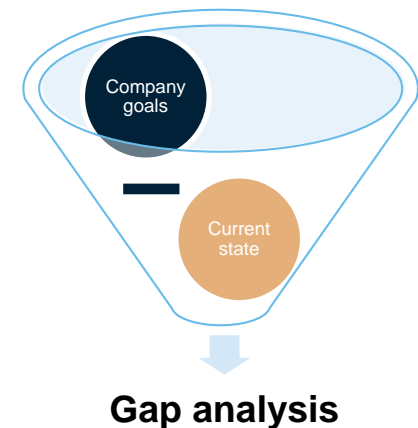
Step 4: Resolve the gaps

> Personal goal: Equal distribution to three children and transition CEO role to family member

> Company value: Commitment to employees

> Identified gaps:

- Incentivizing key employees
- Lack of defined roles and responsibilities
- Need for leadership development

Role & responsibility matrix

BAKER TILLY

Example

Project Name: Value Stream Process Breakdown Roles and Responsibilit

WORK ACTIVITIES E = EXECUTE - Performs task (actually does the work) P = PARTICIPANT - Consulted or informed during the task or when completed (Those who opinions are sought; those who are kept up-to-date on progress, often only on completion of the task or deliverable) A = ACCOUNTABLE (Approves) Makes sure work is complete and signed off (The one ultimately answerable for the correct and thorough completion of deliverable or task)	RESPONSIBILITY	President / CEO	Executive Vice President	VP of Preconstruction	Director of Preplanning	Project Manager (PM)	Project Engineer (PE)	Estimating Coordinator	Estimator	Project Superintendant	Design Manager	Detailing Advisor	Foreman	Installation Team Member	Cad Operator	Tool Dept. & Rentals	Tool Dept. Administration	Purchasing
Task/ Activity																		
ESTIMATING PROCESS				A														
Turnover Preliminary client documents to estimator				P				P	E									
Obtain bid documents				P				P	E									
Develop Bid Strategy		A	P	E					P									
Create New Project Bid Folder									E									
Review bid documents (Specifications, Drawings, Etc)				P					E									
Request project quotes and/or proposals (RFQ, RFP)								P	E									
Create Proposal/Scope Letter and complete bid doc's				A					E									
Review project quotes		P		P					E									
Final Estimate Approval & Delivery		A		P					E									
AWARD PROCESS																		
PRE-CONSTRUCTION PROCESS																		
MOBILIZATION PROCESS																		

Step 5: Implement a written plan

Objective: Align the company strategic goals with the most effective ownership and management strategy(ies).

Procedure:

> Assess the pros and cons of each strategy

> Align strategy with company's prioritized goals

> Establish action steps, time frames and responsibility

Defining competencies

Competencies are observable and measurable skills and behaviors that contribute to workplace effectiveness and career success.
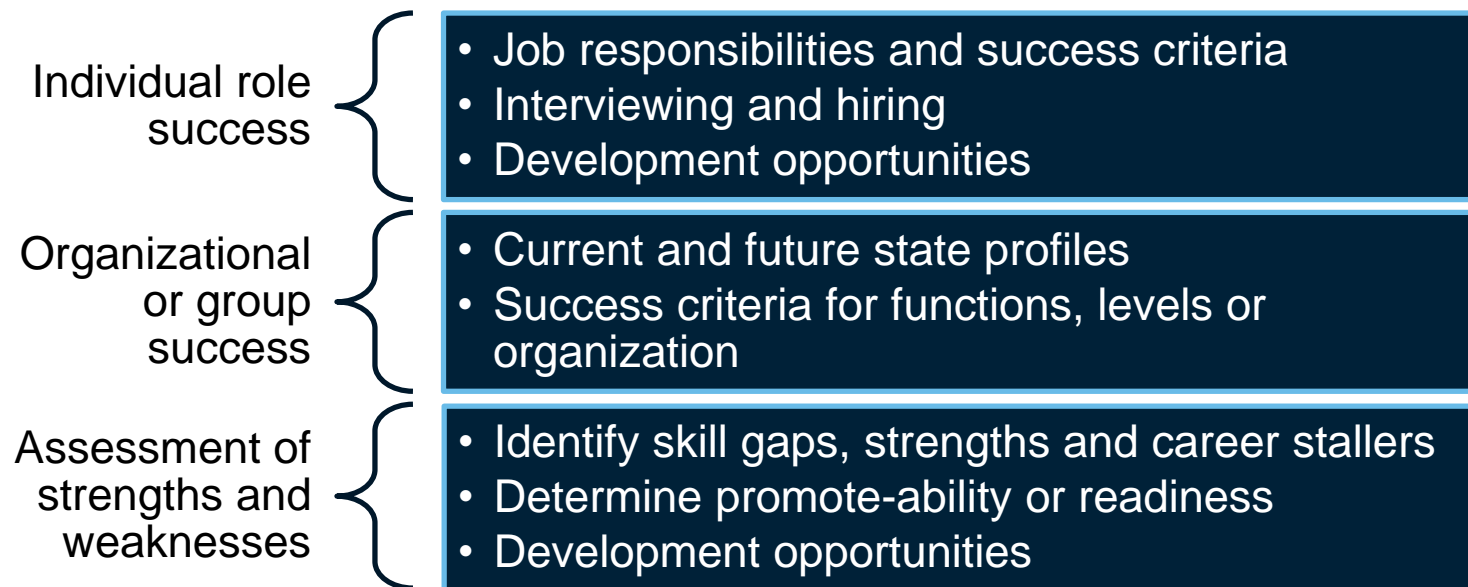
Korn Ferry dimensions of leadership & talent

Competencies

Skills and behaviors required for success that can be observed.

FOR EXAMPLE

Decision quality, strategic mindset, global perspective and business insight.

Experiences

Assignments or roles that prepare a person for future opportunities.

FOR EXAMPLE

Functional experiences, international assignments, turnarounds and fix-its.

WHAT YOU DO

WHO YOU ARE

Traits

Inclinations, aptitudes and natural tendencies a person leans toward, including personality traits and intellectual capacity.

FOR EXAMPLE

Assertiveness, risk taking, confidence and aptitude for logic and reasoning.

Drivers

Values and interests that influence a person's career path, motivation and engagement.

FOR EXAMPLE

Power, status, autonomy and challenge.

Source: Korn Ferry

Korn Ferry Leadership Architect

> Understanding the business

> Making complex decisions

> Creating the new and different

> Taking initiative

> Managing execution

> Focusing on performance

> Building collaborative relationships

> Optimizing diverse talent

> Influencing people

> Being authentic

> Being open

> Being flexible and adaptable

Competencies applied

BAKER TILLY

Individual role success
- Job responsibilities and success criteria
- Interviewing and hiring
- Development opportunities

Organizational or group success
- Current and future state profiles
- Success criteria for functions, levels or organization

Assessment of strengths and weaknesses
- Identify skill gaps, strengths and career stallers
- Determine promote-ability or readiness
- Development opportunities

Competencies that drive business success

1. Ensures accountability
2. Manages complexity
3. Plans and aligns
4. Nimble learning
5. Cultivates innovation*
6. Drives results

7. Decision quality
8. Directs work
9. Courage*
10. Situational adaptability*
11. Resourcefulness
12. Attracts top talent

Are managers the future leaders?

Managers

> Appointed to role

> The 'boss'

> Rely on position to influence others

> High performer

Leaders

> Chosen by constituents

> Earned role, not appointed

> Motivate action to a goal

> High performer

Performance and potential

BAKER TILLY

High performers are not always high potentials…

29% of high performers are high potentials

71% of high performers are **not** high potentials

- High potentials
- Not high potentials
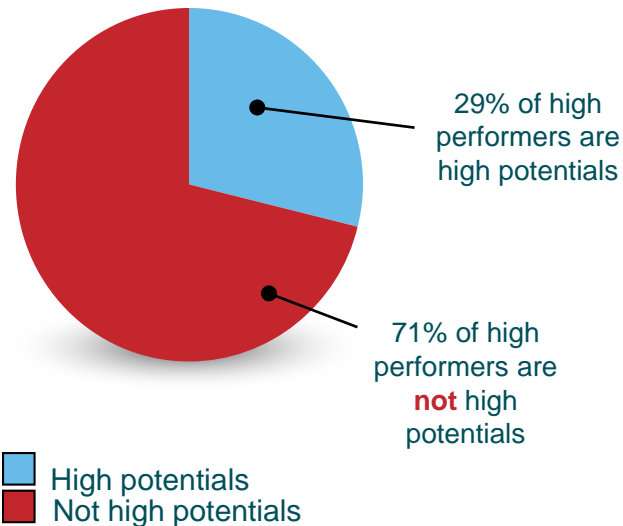
… But, high potentials are mostly high performers
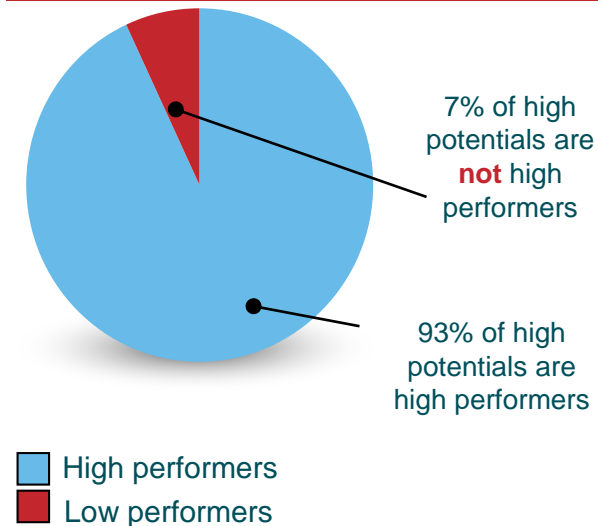
7% of high potentials are **not** high performers

93% of high potentials are high performers
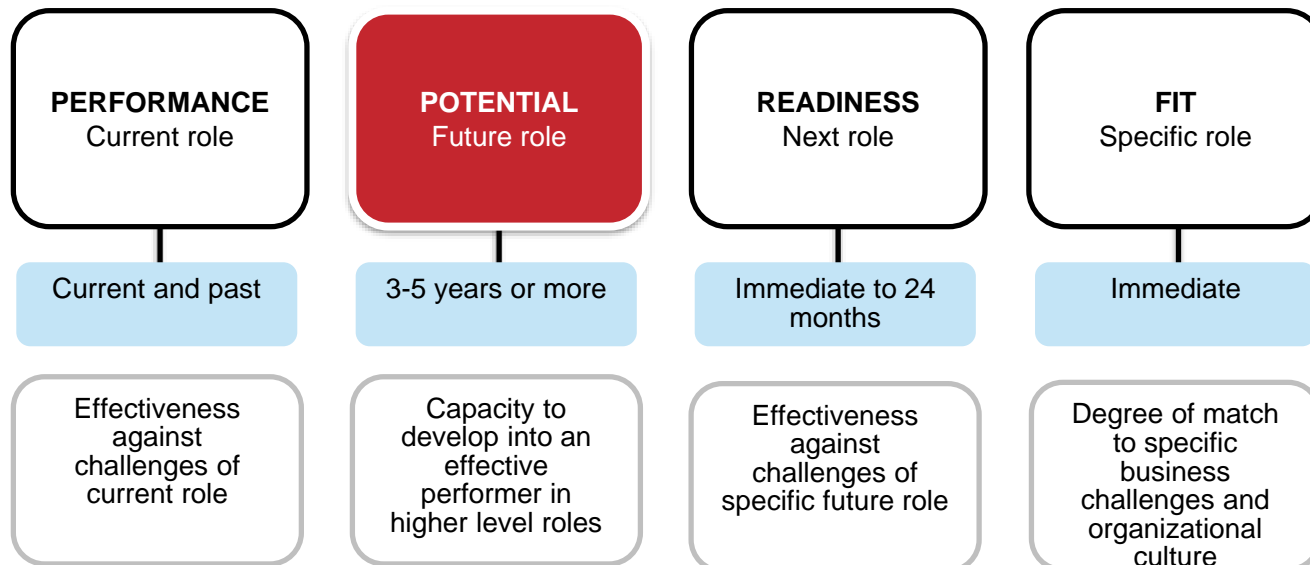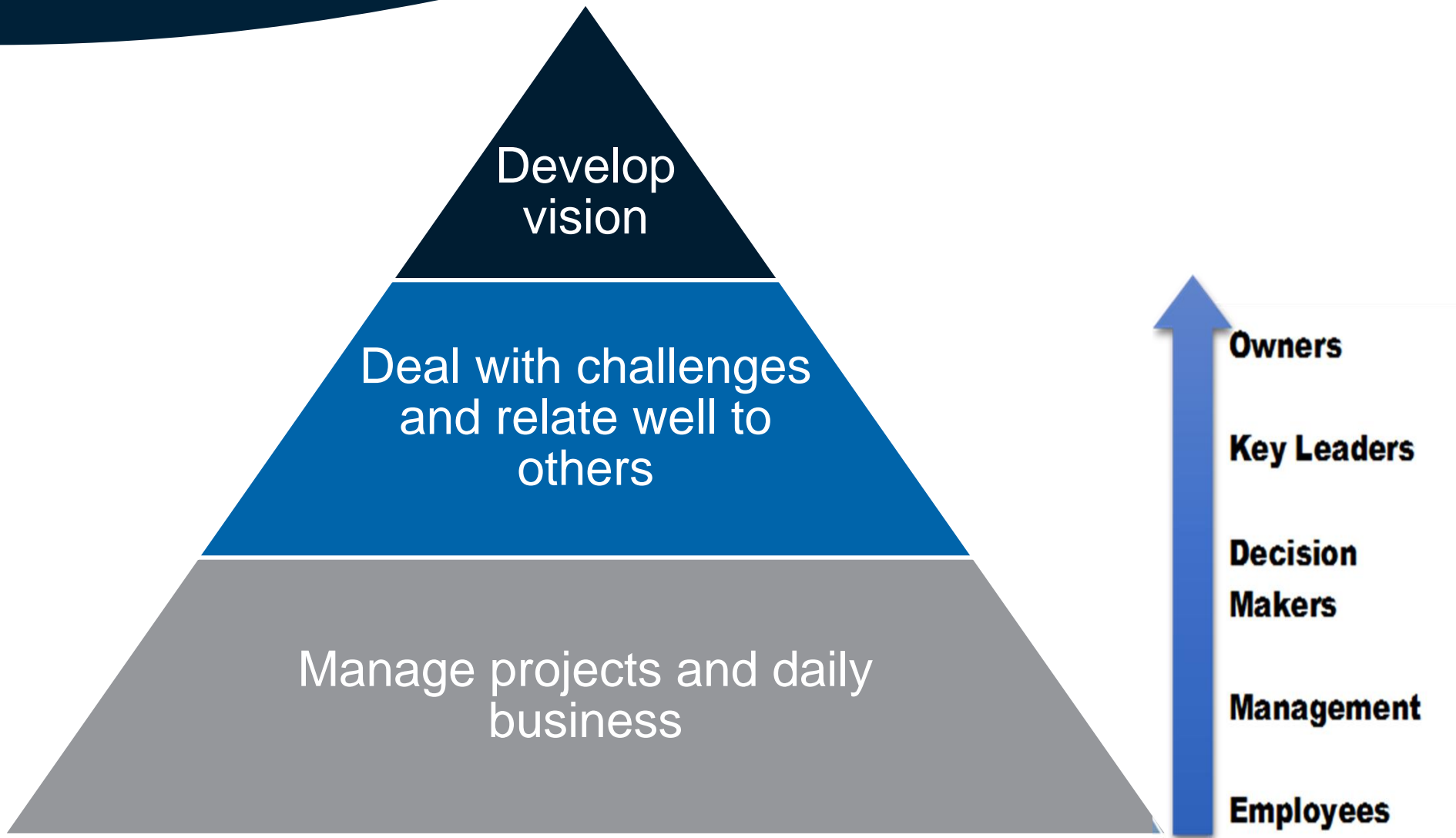
- High performers
- Low performers

Your ***capacity***
and ***interest***
to ***develop*** the ***qualities***
required for effective performance in a
significantly more challenging
leadership role.

Source: Seven signposts: The unmistakable markers that identify high-potential leaders. By Bruce Sevy, Vicki Swisher and J. Evelyn Orr.

Korn Ferry framework & leadership potential

Competencies

Experiences

Track record of formative experiences

What you do

Who you are

Learns from experience
Self-awareness
Leadership dispositions
Minimal derailment risks
Aptitude for logic and reason

Traits

Drivers

Engaged by leadership

Source: Korn Ferry

Dimensions of talent

BAKER TILLY

PERFORMANCE Current role	POTENTIAL Future role	READINESS Next role	FIT Specific role
Current and past	3-5 years or more	Immediate to 24 months	Immediate
Effectiveness against challenges of current role	Capacity to develop into an effective performer in higher level roles	Effectiveness against challenges of specific future role	Degree of match to specific business challenges and organizational culture

Korn Ferry Signposts of Leadership Potential

Signposts of leadership potential

Drivers — The drive and motivation to serve as a leader.

Awareness — Self-awareness of strengths and developmental needs.

Leadership Traits — Leadership traits associated with advancement.

Derailment risks — Managed derailment risks.

Experience — A track record of formative experiences.

Learning agility — The ability to learn from experience.

Capacity — Aptitude for logic and reasoning.

What differentiates leaders?

Figure 9. Progressive increase (decrease) in scores with level.

Drivers
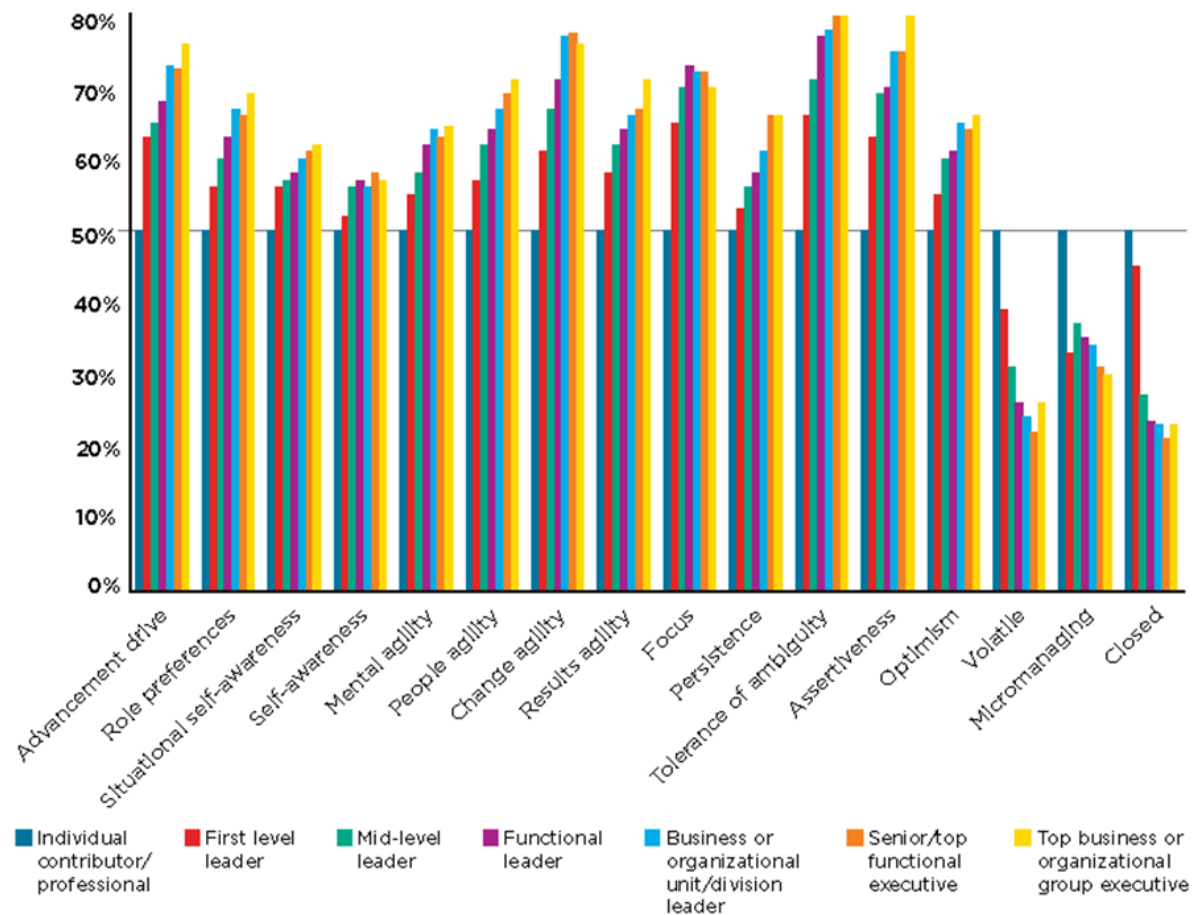
How interested and driven you are in pursuing the challenges and work of leaders

Advancement Drive	A leader's drive to advance through collaboration, ambition, challenge.
Career Planning	How narrowly or broadly focused are career goals and how specific is career plan
Role Preferences	Prefers roles requiring versatility and achievement through others vs. professional mastery and expertise

Experience explores where you have been and how you have prepared to transition to more significantly challenging roles

Core experience	What the leader has learned in the course of his/her day-to-day leadership career
Perspective	The diversity of a leader's experience across organizations, industries, functional areas, and countries
Key Challenges	The leader's experience with a number of similar developmental challenges

Experience explores where you have been and how you have prepared to transition to more significantly challenging roles

Self-awareness	Leader is aware of his/her strengths and development needs
Situational self-awareness	Leader monitors, and is aware of how events impact his/her performance

Learning agility

The extent to which leaders extract lessons from experience and leverage them in novel situations

Mental agility	A tendency to be inquisitive and approach problems in novel ways
People agility	The skill in reading others and applying the insights gained in people-related matters
Change agility	A tendency to promote new possibilities and to take ideas from vision to reality
Results agility	The propensity to deliver outstanding results in new and tough situations

Dispositions leaders possess that make them naturally inclined to lead

Focus	The balance between attending to details and keeping an eye on the big picture
Persistence	The passionate pursuit of personally valued long-term goals
Tolerance of ambiguity	The capacity to deal effectively with uncertainty or confusing situations
Assertiveness	The willingness to assume a leader role and comfort with leadership
Optimism	A tendency to have a positive outlook

A leader's aptitude for logic and reasoning

Problem solving   The ability to spot trends and patterns and draw correct conclusions from confusing or ambiguous data

Derailment risks

Leaders manage those configurations of traits which might lead them to derail.

Volatile	A risk toward being erratic or unpredictable
Micro-managing	A risk toward over-controlling the work of direct reports
Closed	A risk toward being closed to alternative perspectives and opportunities

Korn Ferry Assessment of Leadership Potential

> Current role and organization

– Type of company, years of experience, most recent role

> Career history and experiences

– Years in management, board experience, number of FT positions held

> Work styles and preferences

– Leadership style, approach to dealing with people, work preferences

- I behave the way I tell others I behave

- I work best when goals are clear and the course is well defined

- People know I have insight into why others behave as they do

- Doubt leaves me reluctant to advocate for my options

Korn Ferry assessment sample

ASSESSMENT OF LEADERSHIP POTENTIAL | Senior/Top Functional Executive
Jamie Sample

Summary

Target level (set by organization)

Target

Aspiration

Current

Current level (as reported by learner).

Career aspiration (as reported by learner).

Individual Contributor / Professional
Team Lead
First-Level Leader
Mid-Level Leader
Functional Leader
Business or Organizational Unit / Division Leader
Senior / Top Functional Executive
Top Business or Organizational Group Executive
Chief Executive Officer / Organization Executive

Korn Ferry assessment sample

Background
- 22 Years in the workforce
- 15 Years in management roles
- 3 Organizations
- 2 Tenure with current organization (in years)
- 2 Tenure in current role (in years)
- 0 Years of board experience
- 1 Country

Career Goals and Objectives
- Has a general plan about what he/she wants to accomplish
- 3 to 5 year goal is to progress to a higher level role
- Career aspiration is a role as a senior business group executive.

Ideal Role
- Challenges me intellectually
- Gives me a chance to experience new and different ideas and situations
- Involves working with quantitative or financial data/information
- Requires me to manage people
- Lets me coach others to help them develop their skills
- Lets me represent the organization to external stakeholders
- Requires me to drive organizational change

Highlights of learner's career to-date.

Summary of learner's (self-reported) career goals and career plan.

Attributes learner chose to describe his/her ideal role.

Korn Ferry assessment sample

ASSESSMENT OF LEADERSHIP POTENTIAL | Senior/Top Functional Executive
Jamie Sample

	2+ Years Experience	Would consider in the future:
Organization Type		
Publicly Traded	✓	✓
Subsidiary of Publicly Traded		✓
Privately Held	✓	✓
Organization Size		
Large (1,001 to 5,000 employees)	✓	✓
Very Large (more than 5,000 employees)	✓	✓
Industry		
Advanced Technology		✓
Financial Services		✓
Media & Entertainment		✓
Professional & Business Services	✓	✓
Telecommunications		✓
Role Type		
Line role	✓	✓
Staff role	✓	✓
Functional Area		
Consulting	✓	✓
Executive & General Management		✓
Human Resources	✓	✓
Strategic Planning		✓

(current role)

Learner's (self-reported) current level.

Learner would consider roles in these areas.

Learner's report having two or more years experience at each.

Drive

BAKER TILLY

Advancement drive

Less ambitious. Currently concentrating on similar roles or continuing to grow in present role.

| 1 | 11 | 50 | 99 |

95

More ambitious. Shows desire to move into higher-level roles and further career development.

Career planning

Few strong preferences about career direction. More opportunistic rather than systematic in approach to career.

37

| 1 | 11 | 50 | 99 |

Strong career preferences aided by a specific plan to achieve goals.

Role preferences

Prefers roles requiring professional mastery, focused work, and achievement through expert skill utilization.

85

| 1 | 11 | 50 | 99 |

Prefers roles requiring versatility, meeting multiple demands, pragmatism, and achievement through others.

Experience

Core experience

Less experience than expected of leaders at a similar level. May have gaps in career path.		More experience than expected of leaders at a similar level. May have previously worked at a higher level than current role.
	1 · 11 · **49** · 50 · 99	

Perspective

Experience concentrated in relatively few functional areas, role types, organizations, industries, or countries.		Broadly experienced across diverse functional areas, role types, organizations, industries, and countries.
	1 · 11 · **29** · 50 · 99	
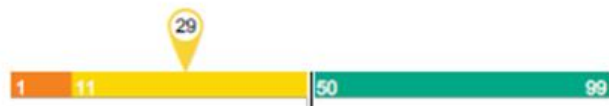
Key challenges

Faced fewer key challenges and had less direct involvement in them.		Faced more key challenges and was at the center of dealing with them.
	1 · 11 · **38** · 50 · 99	

Awareness

Self-awareness

Might overestimate or underestimate their capabilities. Is often surprised by others' feedback.

1 — 11 — 50 — (74) — 99
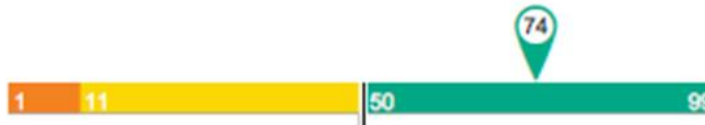
Knows personal strengths and weaknesses. Actively seeks and responds well to feedback.

Situational self-awareness

May not notice things happening around them. Less attuned to the impact they're having or that others are having on them.

1 — 11 — 50 — (89) — 99
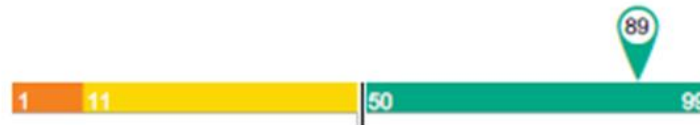
Easily concentrates on the here and now. Highly aware of the impact they have on people and events and vice versa.

Learning agility

BAKER TILLY

Mental agility

Tends to value conventional wisdom and favor well-established solutions. Prefers the familiar and well-defined.

1   11   50   **74**   91 99

Inquisitive and quickly grasps complex issues. Enjoys tackling new problems or ambiguous issues.

People agility

Tends to treat everyone the same, favors harmony, and may avoid challenging interpersonal situations.

1   11   50   **76**   91 99

Gets things done with and through different types of people effectively. Insightful about interpersonal situations.

Change agility

Prefers structure, stability, and the "tried and true." May prefer to follow rather than lead change.

1   11   50   91 **93** 99

Explores possibilities and more likely to take ideas from vision to reality. Future-centric.

Results agility

Prefers attainable, well understood goals. Makes steady effort to deliver on time and within in budget.

1   11   **29**   50   91 99

Energized by new, tough assignments and overcomes obstacles to achieve stretch work objectives.

Leadership traits

Focus

Prefers order and structure. Concentrates on details and might get caught up in them. May have perfectionist tendencies.

99

Has eye on the "big picture." Less concerned with small details. More error prone and tolerant of errors.

Persistence

May have changing long-term goals, pull back from obstacles, or lower expectations for long-term goal attainment.

2

Passionate and steadfast about valued, very long-term, or lifetime goals, in spite of obstacles, discouragement, or distraction.

Tolerance of ambiguity

More likely to be disoriented or even immobilized by uncertainty or ambiguity in information or situations.

85

Comfortable with uncertain, vague, or contradictory information. Open to alternate solutions.

Assertiveness

May feel tentative, passive, or indecisive, and may be more comfortable following the lead of others.

36

Expects to take charge, comfortable directing others and making decisions.

Optimism

Has a more negative outlook. Tends to take setbacks personally. May appear dubious about work or things generally.

66

Generally upbeat about events and the future. Gets past disappointments. Looks forward to things.

Capacity

BAKER TILLY

ASSESSMENT OF LEADERSHIP POTENTIAL | Senior/Top Functional Executive
Jamie Sample

✓ ⌒ Capacity

Successful leaders are skilled at spotting patterns even in ambiguous, contradictory, or otherwise "noisy" environments. This facility provides extra time to deal with challenges or to take advantage of emerging trends.

Problem solving

Discerns patterns or trends more slowly, especially in an unfamiliar arena.

| 1 | 11 | 50 | 91 99 | 96 |

Spots patterns or trends easily, even when working in new realms.

Successful leaders are quick studies who can detect trends even in complex data or ambiguous situations. They make accurate projections and capitalize on their insights. Your results put you in the top 10% of senior/top functional executives in terms of problem-solving skills. Strong problem-solving skills are a valuable asset. But don't assume that things that come easily to you are apparent to others. Take time to explain your approach and help your team make the connections you do. Delegate problems (or parts of problems) so they can hone their own skills. This will help you build on your strengths while ensuring that your team does not come to overrely on your problem-solving skills. Strong problem-solving skills are a hallmark of successful leaders and will serve you well as you continue to progress in your career. But they also can create challenges. Trend lines that are apparent to you may not be visible to others. Solutions you see as straightforward may appear much more complex to others. Your skill is at a level that others may find intimidating. Be careful not to appear dismissive or condescending. Even casual statements such as, "I don't see what the big deal is, the pattern is obvious" can be misinterpreted. Make the effort to clearly explain your thought process and help others see what you see. That will build their skills, reduce any downside in perception of you, and increase the bench strength of your team.

Derailment risks

Volatile

Responds to stressful situations in a calm, even-handed manner. Not easily provoked or rattled.

⑧

| 1 | | 85 | 91 | 99 |

Easily provoked. Emotions run high and reactions can be unpredictable.

Micromanaging

Delegates appropriately: holds others accountable for results, but gives them leeway on approach.

①

| 1 | | 85 | 91 | 99 |

May insist on how work is completed and monitor others too closely.

Closed

Interested in different ideas, others' opinions, and alternative ways of doing things. Likely to be flexible and adaptable.

⑦

| 1 | | 85 | 91 | 99 |

Rigid preferences and opinions. Uninterested in exploring alternatives. Likely to be stubborn and unyielding.

Development priorities

BAKER TILLY

#1	**Define where you want to go with your career and your life.** Leaders who successfully advance along the leadership career path have closely held and highly valued long-term personal goals which help them focus and sustain them through difficulties and detours. Consider carefully what is really important to you and try to adopt long-term personal goals that you value. Take inventory and examine what is truly motivating to you as you consider your lifetime goals. Try to list them and define what is truly most important to you. Consider how your career plans contribute to achieving these long-term personal goals. Consider what has caused you to deviate from your long-term goals and think about how you might manage these detours most effectively. If your long-term or lifetime personal goals are incompatible with advancement as a leader, consider how to adjust your professional goals to align with your closely held personal goals.
#2	**Gain perspective in your work experience.** In terms of experience, perspective means that you have had multiple vantage points on the same thing—for instance, understanding the staff and line role perspectives about budgeting or operating plans. Your results suggest you would benefit from widening your perspective. The easiest way is to gain experience in a different type of role (staff vs. line), functional area (e.g., sales vs. operations), or market (by working in a different country or culture).
#3	**Push yourself and your team harder.** You'll never know how much you or your team can accomplish if you've never hit your limits. Your results suggest you would benefit from setting more challenging goals. You don't want to overdo it or to set impossible goals. Challenging goals, clear expectations, good feedback, and personal accountability bring out the best in most people. Try setting the bar higher and prepare to be surprised by what people can accomplish.

Define your career direction.

Career planning

Seek different perspectives at work.

Perspective

Challenge yourself and your team.

Persistence

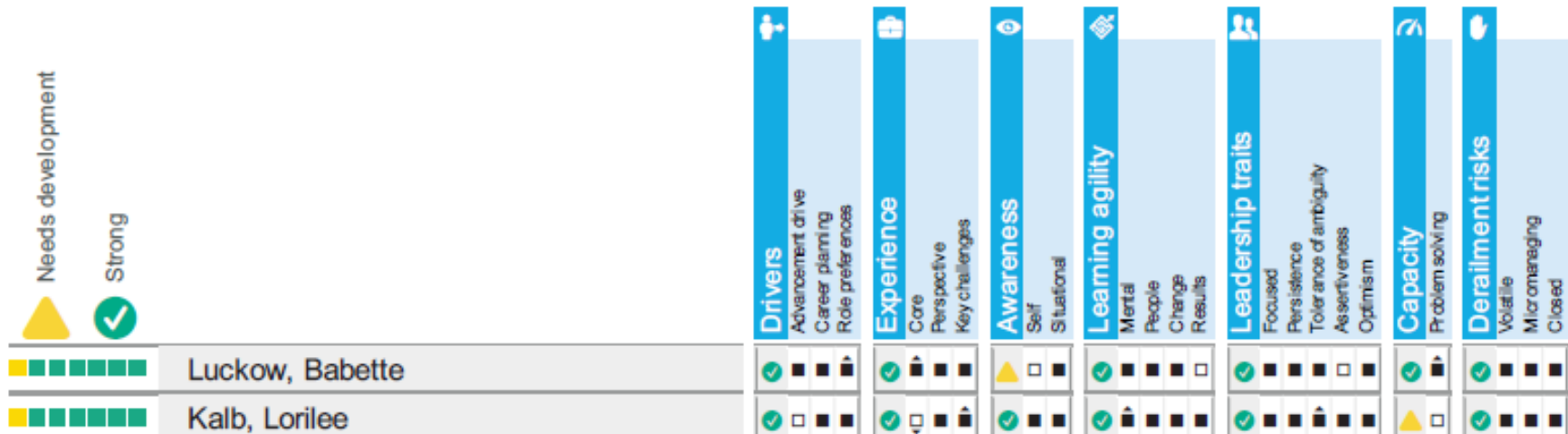# Who has the most leadership potential?

Top motivators

Table 3. Signals of leadership drive across management levels.

Percent choosing in the top three motivators:

	First level leader	Mid-level leader	Functional or business unit leader	Senior/top
Influence on the direction of the organization.	38%	52%	61%	72%
Belief in the mission of the organization.	41%	41%	47%	56%
Responsibility for the performance of others and the results of the unit.	30%	42%	48%	49%

Source: Over 17,000 leaders, Career History Questionnaire (Gerstner, Hazucha, & Davies, 2012).

Formative experiences

Figure 5. Prevalence of key formative career experiences by management.
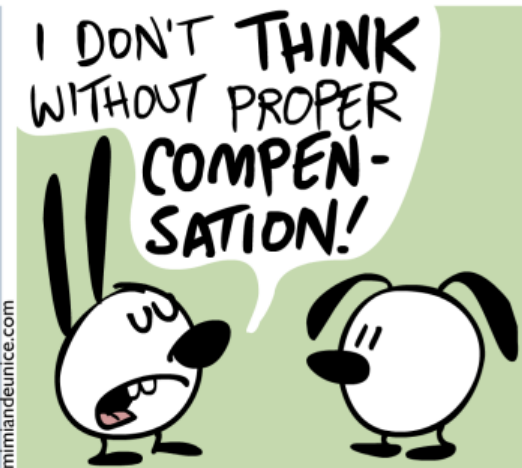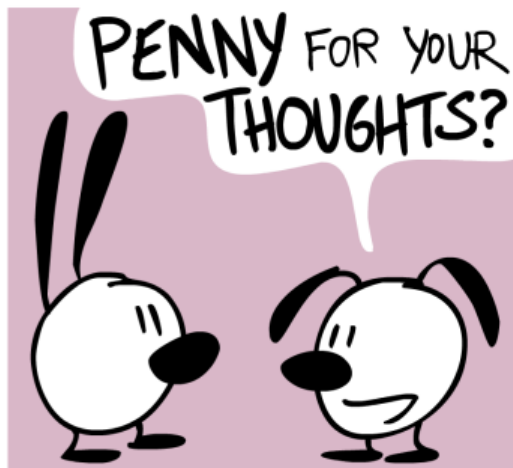
Organizational impact
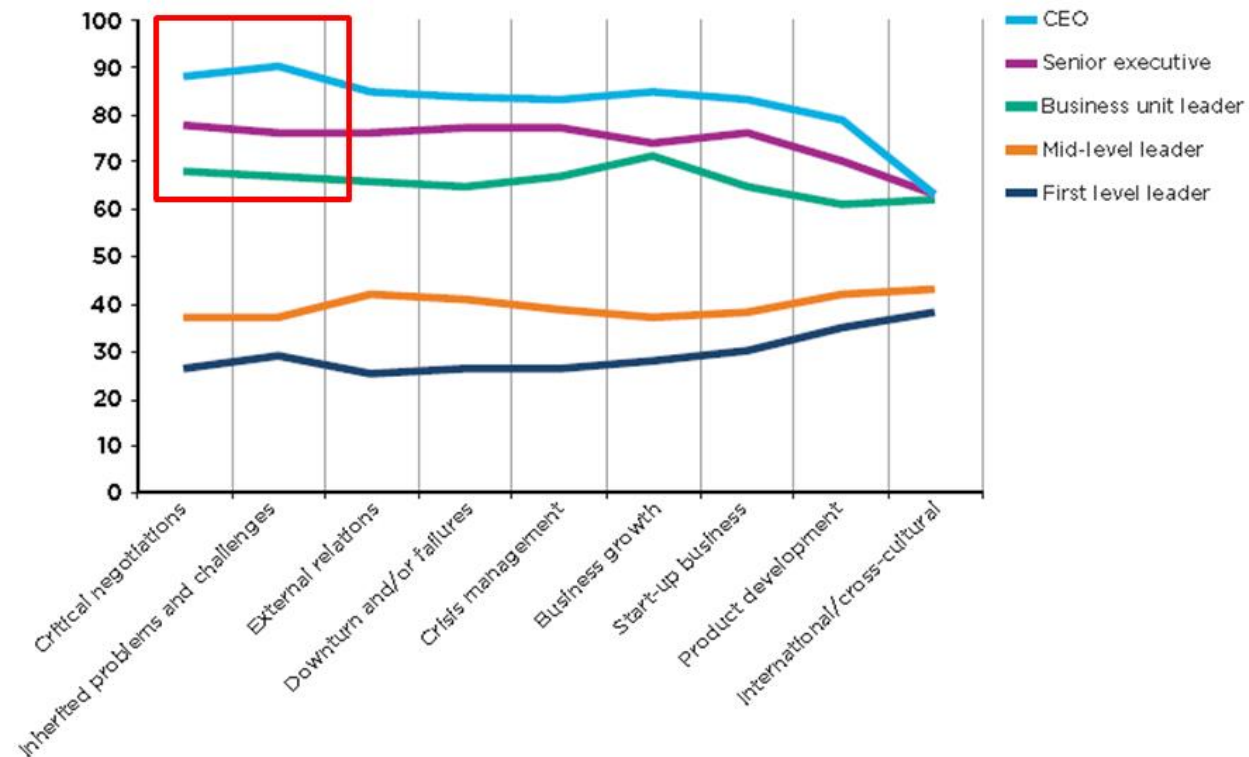
What impact might leadership potential assessment have on your organization? How would you use it?
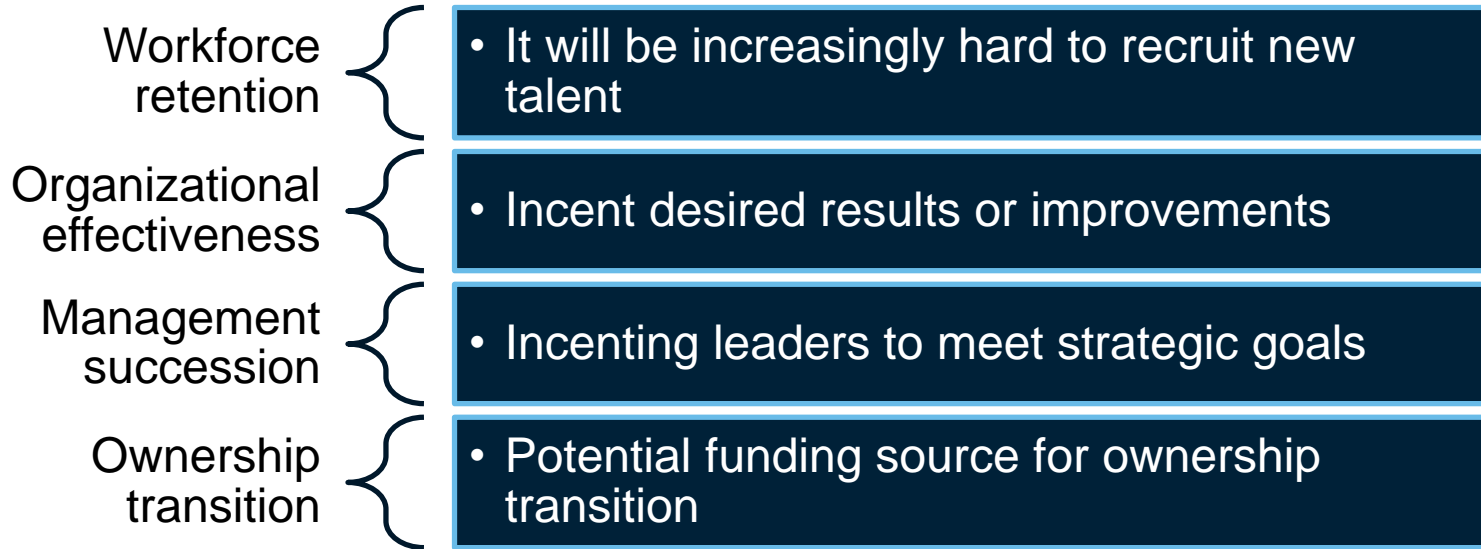
How would you continue to engage and retain people at each level knowing years in current role, years in management, key experiences and career aspirations?
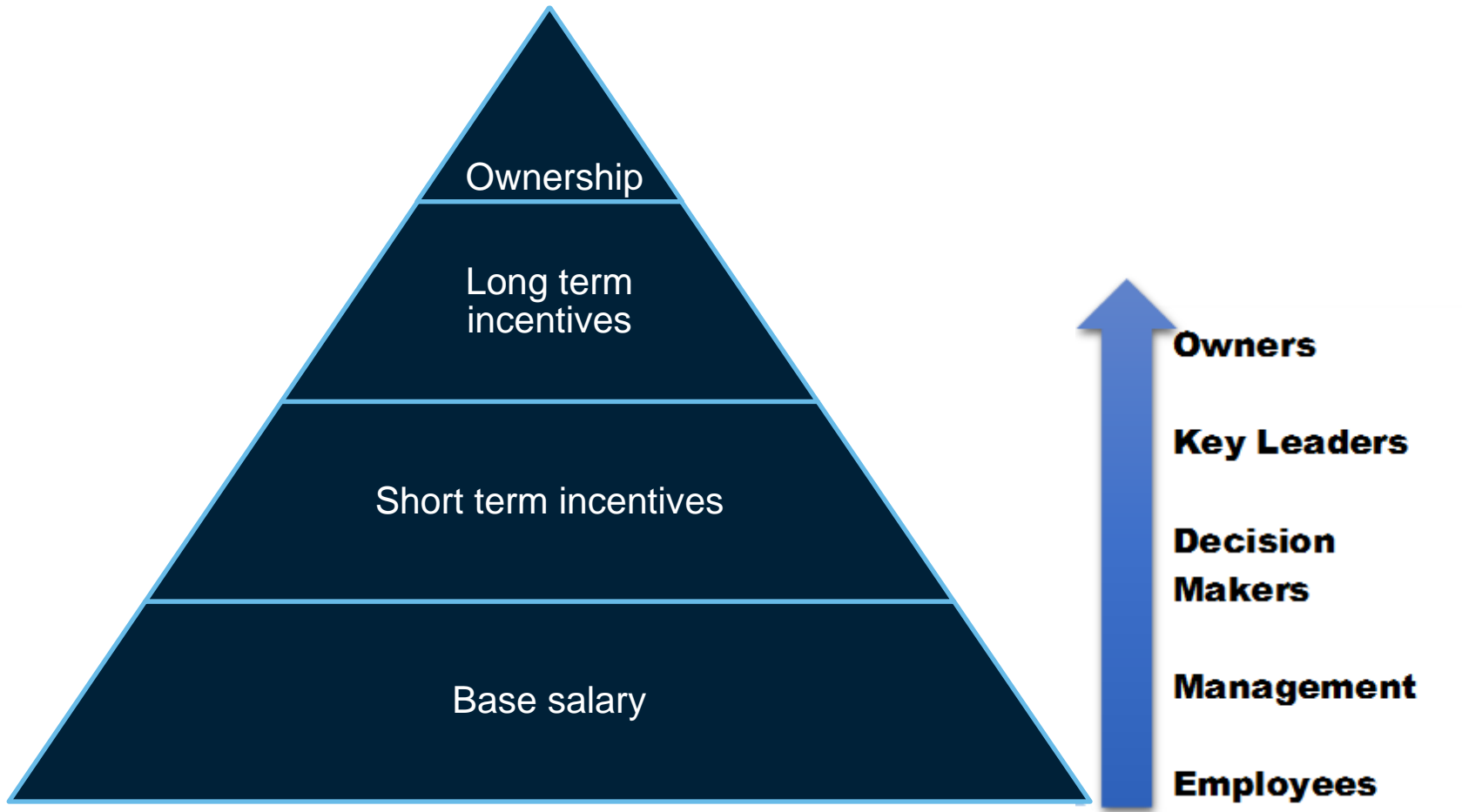
Why compensation?

Workforce retention
- It will be increasingly hard to recruit new talent

Organizational effectiveness
- Incent desired results or improvements

Management succession
- Incenting leaders to meet strategic goals

Ownership transition
- Potential funding source for ownership transition

Incentive compensation

Pyramid levels (top to bottom):
- Ownership
- Long term incentives
- Short term incentives
- Base salary

Arrow levels (top to bottom):
- Owners
- Key Leaders
- Decision Makers
- Management
- Employees

Short term incentive best practices

Most companies use 1 – 3 short term incentive practices

Link pay with performance through formula based plan

3 – 4 metrics to measure performance

Transparency of compensation and performance scores

Best practices

Employee Performance Report — VP of Business Development

Operations		Score		New Business		Score
					Performance Factor Scorecard	
Utilizes market knowledge to strategize new opportunities	3			Develops and executes sales strategy	3	
Demonstrates ability to observe and anticipate market trends	4			Contributes cross-selling opportunities to all Roers entities	3	
Provides clear direction and accountabilities	3	3.8		Updates CRM to track opportunities	3	3.2
Sets objectives to align with broader organizational goals	5			Comunicates and reports sales and opportunity updates	4	
				Oversees marketing tools (messaging, web, print, etc)	3	
Financial				**Self-Development**		
Understands the meaning and implications of key financial indicators	5			Shows personal commitment and takes action to continously improve	3	
Uses financial analysis to generate, evaluate and act on strategic opportun	4			Learns quickly when facing new situations	3	
		4.5		Accepts responsibilities that broaden knowledge and capabilities	3	3.2
				Knows strengths, weaknesses, opportunities and limits	3	
				Proactively seeks feedback without being defensive	4	
Employee Development				**Customer Satisfaction**		
Identifies the right talent to meet the needs of Roers entities	4			Relates comfortably with people across levels, functions and culture	3	
Places a high priority on developing others	3			Builds rapport in an open, friendly and accepting way	3	
Aligns employee career development goals with organizational objectives	3	3.5		Establishes and maintains effective customer relationship	4	3.8
Establishes common objectives and a shared mindset	4			Identifies and delivers solutions that meet customer expectations	4	
				Provides timely and helpful information to others	5	
				Overall Performance Factor Score		3.7

Long-term incentive goals

1. Retain key employees
2. Align reward program with shareholder expectations
3. Link rewards to organization success over a multi-year period
4. Provide wealth accumulation opportunities
5. Deliver market-competitive total compensation

Incentive compensation best practices

Formula-based award (vs. discretionary)

Benchmark against industry-related surveys

Align with strategic plan

Funded on net profitability to preserve operating equity

Transparency and communication

Connect with us

BAKER TILLY

Contact information

Laura Cataldo, Senior Consulting Manager
608 204 2488
laura.cataldo@bakertilly.com

Laura Cataldo works with construction related firms of all
sizes to evaluate business practices and assist with
management challenges. Laura offers a depth of experience
working with contractors to improve profitability and succeed
in the changing marketplace.

bakertilly.com   Baker Tilly Virchow Krause, LLP   @BakerTillyUS