

LEADERSHIP TRANSITION AS A WAY OF LIFE

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I once worked at a firm where the namesake was the president and CEO. Let's call him John. John was "the guy." He made all the decisions. He was the driver of the firm from beginning to end. The advantage to this arrangement was that clients knew that when they were talking to John, they were talking to the person who could make things happen, had the most experience, and would make sure the firm performed for them.

Of course, this is a familiar scenario in the AEC world, which has a long history of firms led by founders. The tradition continues to this day, as we see many firms started in the last few decades that still have founders in charge. The problem is, this approach has its limitations – including some that have become glaringly obvious during the current era of acquisitions that has some leaders looking for a way out.

I'd like to share an alternative approach – one that I know from experience can work. Before I do, though, let's look at some of the disadvantages to the traditional founder-leader approach.

First, John might not be the best leader. John might be a visionary, or a great seller, but he can't possibly be the best at everything. No one is. So if John isn't delegating his or her weaknesses to someone who has those strengths, the firm is suffering.

Also, John can only do so much. If he wins some work, for example, he might turn his attention to doing the

work and not pay attention to winning more work. So the firm doesn't grow. This is a common malady in small firms.

Most important perhaps, having John sit in the same seat for maybe 30 years limits others' opportunity for growth. If the firm hires "superstars" or people with potential but doesn't provide a path for growth, those people will learn what they can and then go somewhere with more growth potential. The business becomes mired in a constant cycle of "bring them in, train them, and watch them leave."

So let's look at a different model, one that is unique in the AEC world, and one that was purposefully developed many years ago at BSA LifeStructures.

Our 45-year-old firm has two key roles at the top: a chairman of the board, who is also our CEO, and a president. The chairman (the role I currently fill) is the visionary. With a high-level focus, they work with the board to set big-picture vision, identify strategies for meeting that vision, drive activities that result in growth and set the internal "tone" of the firm.

The president is the integrator. They make sure strategies are carried out, the culture of the firm is set and maintained, the right people are in the right seats, and obstacles and barriers to success are removed. And, of course, the president is accountable for operating results.

So far, you probably don't see anything unusual in what I've described. However, there is one thing that is different at BSA LifeStructures: The people chosen to be president and chairman fill those roles for a finite period of time. They might have those titles for anywhere between four and eight years, and then they move out of their roles and do something else, clearing the way for new leadership.

This approach allows us to stay fresh and respond to circumstances. For example, a few years ago, we recognized that we needed a president who could really get our culture fired up. So, in 2016 we brought in a new president who did that and more. This year, we decided we needed a different set of leadership skills, so, once again, we selected a new president. There was nothing wrong with the previous president; she accomplished everything we wanted. But with a new vision and some new strategies, the board felt we needed someone with more of an operational view at the helm.

This kind of change could sound scary to some firms, but, to us, it's healthy and natural, and it carries with it some important benefits:

- We can put the right person in the right seat for the times and circumstances. Challenges, opportunities, vision, and strategies change over time. Why not change leadership to match the conditions?
- We get the benefit of fresh ideas and new energy.
- We create opportunity. For example, our new president vacated the key role of healthcare practice leader. Now we are searching for someone to fill that role, and we have multiple candidates from within the firm. Without the change in president, those people would not have the opportunity to compete for that role. If that role is indeed filled by someone internal, another person will have the opportunity to step into a new role, and the cycle can continue.

Now, some of you might be thinking, "Wait a minute... what does the old president or chairman do after leading the company?" We have addressed that issue very purposefully, ensuring that past leaders continue to contribute in meaningful ways. And it works. We currently have four past presidents or chairmen working in the firm, and each of them is thriving in a new role. Some made the transition more easily than others, but all have found a way to be happy and contribute to our

business. Meanwhile, those of us currently leading the firm often turn to our predecessors for mentorship and advice.

I should note that BSA LifeStructures has one key factor working to its advantage in this scenario: ownership structure. At firms where one person is a majority owner, this person naturally wants a bigger voice in how the business moves forward. At BSA LifeStructures, we set up this system when ownership was spread out, so no one insisted on centralized leadership. Then, three years ago, we transitioned to a 100 percent ESOP, which allows us to disconnect ownership and leadership even more completely.

Over the years, I think we've all seen firms that have been held back by entrenched leadership, or that were undone by mishandled attempts at leadership transitions. Maybe you're at one now, or you are worried that, with the passage of time, your firm could face that challenge. If so, I suggest you consider a different way, one that plans for transitions and accommodates change. You just might find that both the firm and "John" are happier and stronger as a result.

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