Retirement realities and succession planning

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*Men don't quit playing because they grow old;
they grow old because they quit playing.*
- Oliver Wendell Holmes

The largest and most influential generation in American history is fast approaching retirement. Every day, 11,000 baby boomers turn 65.

If public entity pooling falls within worldwide averages, more than 400 current pooling staff members across AGRiP's membership are 65 or older and looking to retire within the near-term. One AGRiP pool estimates 45 percent of its workforce will be eligible to retire within the next five years.

As employees begin taking their lives in new directions, pools are left to ask, "What now?"

Understanding Retirement Today

Riding off into the sunset. That's one image retirement used to conjure in our culture: a long awaited and peaceful transition from the world of work to the world of leisure.

We are different now. Those who have reached the traditional age of retirement are not ready to ride off altogether. Today, retirement isn't about leaving something behind; it's about embarking on something new. It's about transformation and reinvention, not about fading away.

There are several cultural — and even biological — reasons behind this change.

Longevity

Baby boomers have the longest life expectancy in history. Today's average 65-year-old can expect to live to 84. That's nearly three years longer than a 65-year-old in 1980.[1] In the United States, there are now 72,000 centenarians. If current trends continue, by 2050 there will be more than a million.[2]

As we live longer, we think differently about how to allocate the time we have left. As much as you love the game, golfing for 35 years may not seem very appealing. This extended post-65 period means retirement is no longer a destination, but rather an entire journey on its own.

And as people live longer they also want — or need — to work longer. Stopping work completely at 65 will become increasingly rare. Indeed, 71 percent of pre-retirees report they would like to include some work in their retirement years, with most seeking flexible arrangements.[3] Just over half say

1 Abrahms, S. (2016, November 6). Five Myths About Baby Boomers. The Washington Post. Retrieved December 19, 2017, from https://www.washingtonpost.com/opinions/five-myths-about-baby-boomers/2015/11/06/44ca943c-83fb-11e5-8ba6-cec48b74b2a7_story.html?utm_term=.ebc174b54bc4

2 Gratton, L., & Scott, A. (2016, June 27). How Work Will Change When Most of Us Live to 100. Harvard Business Review. doi:https://hbr.org/2016/06/how-work-will-change-when-most-of-us-live-to-100

3 The Longevity Economy: Generating Economic Growth and New Opportunities for Business. (n.d.). Oxford Economics. doi:https://www.aarp.org/content/dam/aarp/home-and-family/personal-technology/2013-10/Longevity-Economy-Generating-New-Growth-AARP.pdf

they are planning "encore careers" to continue income and achieve greater personal meaning and social impact from their work.

Forever Young Mindset

Ageism has historically been a problem in all industries. In many organizations still, there's a sense that once an employee hits a certain age, they are no longer interested in growth, development and change. Baby boomers, however, have challenged stereotypes at every turn, and are now pushing against these historical impressions.

It's no surprise. Baby boomers have transformed every life stage they have touched — from youth culture to corporate culture — and now we're seeing how they are transforming the concept of aging in the workplace.

Today's over-50 employees are more tech-savvy than their predecessors. They are heavy users of the Internet and social networking, and they spend more money online than either Gen X or Gen Y consumers. In 2010, people aged 46 to 64 comprised 25 percent of the total population but accounted for over 40 percent of technology purchases.[4]

Baby boomers want to learn new things and challenge themselves mentally, physically, and emotionally. It would be a mistake to dismiss the power of a boomer's forever young mentality, especially when they still have so much to offer within the public entity pooling environment.

Identity

Work plays a critical role in a person's identity and sense of self. As retirement approaches, it's natural to wonder, "If I am not my job, who am I?"

Although both men and women often reassess their identities around retirement age, this is particularly true among men. According to Joseph Coughlin, director of MIT Age Labs, women are more accustomed to flexible and varied identities. Historically, much of men's identities have been tied to their employment. When they leave their professions behind, baby boomer men especially may feel they have lost their identity, too.[5]

The combined impacts of identity being defined by work, a desire to continue learning and growing, and increasing longevity means employees will be slower to retire in full.

4 The Longevity Economy: Generating Economic Growth and New Opportunities for Business. (n.d.). Oxford Economics. doi: https://www.aarp.org/content/dam/aarp/home-and-family/personal-technology/2013-10/Longevity-Economy-Generating-New-Growth-AARP.pdf

5 Coughlin, J. F. (2017). The longevity economy: unlocking the worlds fastest-growing, most misunderstood market. New York, NY: PublicAffairs

Understanding baby boomers and their contributions to pooling

Baby boomers are loosely defined as the generation born between 1946 and 1964. That range is broad, and with it comes the problem of overgeneralizing and stereotyping. To avoid doing so, it's critical to understand the academic backbone of generational theory.

Generational theory is a sociological, not a psychological, study. In other words, this is not the study of an individual but of an entire culture. In particular, researchers seek to understand how the events and conditions of a generation's formative teenage years impact its view of the world.

In their formative years, baby boomers experienced the bull market of the 1960s, stagflation of the 1970s, suburban sprawl, the moon landing, the Vietnam War, and the oil embargo.

These and many other important economic, political and demographic realities have instilled competitiveness, optimism and idealism in many baby boomers. (Remember

the caveat that we are discussing generational patterns, not individual traits.)

The largest generation ever born, at least until the Millennials came around, baby boomers used their collective power to bring about great change, starting with a youth culture that challenged the status quo and fought for many of the rights we may take for granted today.

As a generation, boomers have brought these traits and experiences into the workforce.

From a public entity pooling perspective, we have the baby boomers to thank for the successful pooling operations that began in the late 1970s and exist today. Those who were inspired to begin public entity pools certainly broke with the status quo of the time! Pooling embodies many traits of its baby boomer founders – competitive for the good of public entity members, optimistic and idealistic in enabling and defending public service.

What does this mean for a public entity pooling workplace?

① *Adjusting to longer productive working years of the pool's oldest employees.*

Pools will have to rethink career pathways and promises, and communicate the value of a multi-generational work environment in a way that speaks to employees of every age demographic.

There may be slower career trajectories for younger employees, but there will also be more opportunities for meaningful cross-generational mentorship.

> "We see the need to recognize the inherent strengths of a multigenerational staff. We see our senior staff as knowledge mentors and junior staff as technology and efficiency mentors. We have a stake in successful leadership succession within our key professional provider and member organizations."
> - Bob Solarz, Executive Director
> *Delaware Valley Trusts*

② *Creating cultures of learning within a pool will be critically important to sustain older and younger employees.*

The skills needed in the workplace will continue to evolve. Older employees will need and want retraining on new technologies and related skills. Younger employees will require adequate challenges and opportunities for professional growth of their own.

Pools will have to outline and articulate learning tracks for all employees to remain connected and motivated in the workplace.

③ *Talking openly with employees about identity after retirement.*

Pools must create an environment where today's leaders are excited to hand over the reins and embark upon something new. This might mean investing in employees at a pretty personal level, and creating space for them to explore retirement options.

One organization created a group of individuals preparing to retire in the next five years. The group identified and talked openly about passions they wanted to explore in retirement. By the time retirement dates approached, participants felt like they were retiring to something new, not just retiring from their jobs. One person went back to school, one

planned a year-long traveling itinerary with his wife, and one applied for a part time consulting job.

Pools can help employees find the necessary support to redefine their identities. This in turn will lead to more successful retirement and succession experiences.

The Softer Side of Succession Planning

Even with the slowing of retirement and the desire boomers have to stay working longer, there's a wave of boomer retirements coming. Pools, like all workplaces, are at an unprecedented inflection point and cannot avoid the conversation about succession planning.

Senior leaders with experience, knowledge and institutional memory, as well as critical relationships and credibility, are taking their lives and careers in new directions as a new generation steps up to lead.

Too often, we talk about succession planning in terms of logistics and checklists: Who is leaving? Who do we need to replace to them? Who will help us find the right new leader? What needs to be done for this transition to be successful? How and when should the change be communicated?

While the logistics are critical, the reality is much more complicated. Successful succession planning includes awareness about legacy, a spirit of generosity, opportunities for transformation and empowerment. There is an emotional aspect to succession planning that should not be overlooked.

So consider a few of the "softer" issues standing in the way of your pool's successful succession planning.

Ego

It's human nature to want to be irreplaceable. We want to believe that without us, things just wouldn't work — or at least, wouldn't work as well.

If anyone is irreplaceable your pool is vulnerable in ways it shouldn't be. The job of a pool executive and pool Board of Directors is to set ego aside and assure adequacy of operations no matter what the vacancy. Being replaceable — even at the top — should be celebrated as a measure of an employee's success.

Leaders can be replaceable and still leave lasting legacies. Reframe a prominent pool employee's exit as a celebration of legacy and organizational success that allows a new leader to step in with ease. Remember, without the contributions of current leaders, pools wouldn't be where they are today.

"I would not have done a good job as the leader of an organization if I left it in such a shape that the Board, current staff, and incoming leadership couldn't pick up the reins and run with them with ease when I was no longer there."
- Judy Payne, Retired Executive Director
South Dakota Public Assurance Alliance (SDPAA)

Incentives

Some people approaching retirement may have a "one foot in, one foot out" mentality, whether they know it or not. Too many organizations hope leaders are fully self-aware, able to step outside their ego and plan their own succession simply because it's the right thing to do.

But without proper incentives toward retirement, pools may be vulnerable to the emotional aspects of succession planning. Pools can articulate clear goals about succession, as well as accountabilities for lack of execution on those goals.

Job responsibilities and performance expectations for leaders looking to retire within the next five years should include actionable steps toward an effective succession plan. And, merit compensation or other performance incentives should be tied to effective knowledge transfer and organizational preparedness for leadership transition.

Founders Syndrome

Sometimes founding leaders may consciously or subconsciously hinder the ability of their organization to move forward without them. Pool founders have invested an incredible amount of time and personal sacrifice to create the foundations of a great organization and often have a significant part of their identity tied up in the pool they created.

Wanting to be sure the pool continues its success can make it difficult for a founder to walk away.

Awareness can be a powerful inoculation against Founders Syndrome. Sometimes, what got an organization to the success of today is not what it needs to reach new heights in the future. And sometimes small mistakes made by someone less seasoned provide important learning opportunities to the pool as a whole.

It takes an incredible amount of self-awareness and grace to know when to walk away and allow the next generation to make their mark.

Succession planning success at TMLIRP

At the same time the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) appointed a new executive director in 2012, it created a comprehensive succession planning effort to set the pool's course for the future.

The goal was to provide leadership and professional development for all staff to have growth opportunity in the public entity pooling field.

Later renamed to recognize that same executive director, the Carol A. Loughlin Leadership Development Program evolved into a partnership with the University of Texas McCombs School of Business. The program connects staff from different areas within the pool, which teaches participants to think beyond their own roles or departments. Participants develop broad perspectives and competencies.

Program participants conduct meaningful, real-life projects. Some examples include the creation of TMLIRP's communications strategy, and participation in the development of a set of leadership values that are now applied throughout the organization. TMLIRP has also created a leadership exchange, where pool staff read leadership literature and discuss how concepts apply to the pool's environment.

"Several of the members of the leadership development program have already been promoted to more senior positions," current Executive Director Jeff Thompson reports.

For information on TMLIRP's succession planning efforts, contact Jeff Thompson.

Preparing for the Future and Honoring the Past

"So many times, succession planning efforts focus on specific individuals and sideline efforts aimed at broader professional development. With such a large percentage of the workforce eligible for retirement, we knew that our efforts had to be broader than simply identifying individuals to take over senior management roles."
- Carol Loughlin, Retired Executive Director
Texas Municipal League Intergovernmental Risk Pool (TMLIRP)

The key to successful succession planning is looking objectively at the pool's future needs, not its historical success.

Examine industry-wide trends and challenges, as well as the specific development needs of your pool in the next five to seven years. Once you have identified what is needed for the future, create or hire leaders who can thrive in the new environment. With grace and generosity, empower those next generation leaders to find their authentic style and take your pool successfully forward.

Succession planning isn't just about training up-and-comers on certain skill sets; it's about allowing them to become authentic leaders in their own right. Training someone for a job versus empowering a leader look very different.

The following examples demonstrate the difference between training on tasks versus empowering a leader:

Suzanne is getting ready to retire. The pool's Board of Directors has identified Greg as her successor and asked Suzanne to spend eight months getting him up to speed. Suzanne teaches Greg how to lead like her, how to get people on her side the way she was able to, and how to communicate the way she did.

When issues arise within the training period, Suzanne guides Greg to replicate the way she would respond. Greg has his own ideas on how to lead the pool, but his suggestions are quickly dismissed because Suzanne's methods have been so successful through the years. Suzanne is focused on turning Greg into the exact leader she has been.

The eight months are up. Suzanne leaves the pool. Greg has been trained to be an inauthentic leader mirrored after his predecessor and is insecure about his own capabilities. Rather than asking himself, "What is best for the pool?" or "What is best for our members?" he asks himself, "What would Suzanne do?"

Sometimes what Suzanne would do can offer great insight, but Greg is not asking himself the right questions, and — worse — he has not come into his own as a leader.

Consider this example, instead:

Lucy is getting ready to retire. The Board of Directors has identified Tom as her successor, and Lucy has agreed to spend eight months getting him up to speed.

Training a future leader

Earlier this year, Judy Payne retired from South Dakota Public Assurance Alliance (SDPAA), closing out 37 years in public service and nearly five as the pool's first executive director.

SDPAA's Board of Directors recognized the benefit of Judy sharing her expertise and experience with the pool's next executive director, Dave Pfeifle.

For two months, she worked with Dave to provide insight on SDPAA's history and operations, current projects and action items. Judy shared emails and documents for his review, then followed up with time for him to seek answers to questions.

Recognizing that Dave brought his own set of skills to the position, Judy was careful not to impose her leadership style on him during the transition.

"Judy was a font of knowledge and a very patient teacher," Dave said. "She cares deeply about the SDPAA and its mission, and she certainly instilled that in me."

For information on how SDPAA approached its leadership transition, contact Dave Pfeifle.

When an issue arises, Lucy asks Tom, "What do you think should be done? How are you arriving at that decision?" When they disagree, both Lucy and Tom explain their perspective, and once they decide on the best way to move forward, they implement together.

With great generosity, Lucy articulates to Tom what has made her successful. She also offers insight into some of her less successful moments and what she would have done differently knowing what she knows now. Lucy encourages Tom to identify his unique strengths, and she makes a point to compliment the abilities she sees in him.

Sometimes, Lucy stays quiet about how she would have done things and she feels nervous about a few of Tom's decisions because they're so different than what her approach would be.

The eight months are up. Lucy leaves the pool. Tom has a clear vision and confidence in his ability to move the

pool forward. He can identify what he thinks Lucy would have done, but he's not hampered by the insight.

Tom knows he will make mistakes along the way, but if he remains authentic to his style of leadership and dedicated to the pool's vision, he knows he'll do right by his employees and his members.

As these examples demonstrate, training and empowering are different. In order to ensure adequate preparation of the next generation, leaders of today must empower up-and-comers to become leaders for the future.

While it's important to remember that what got your pool where it is today is not necessarily the same skill set that will

move it into the future, it's equally important to honor the people retiring with appropriate recognition and a heartfelt thank you. Like any big change in life, succession is about moving forward and opening the door to new possibilities — for your pool and its leaders.

"I remember the excitement and anticipation of taking on a job I'd spent most of my career preparing for, so it's kind of odd now to think about letting that dream go, in favor of a different life. But the excitement and anticipation is much the same."
- Lynn McNamara, Executive Director
Citycounty Insurance Services (CIS) of Oregon

About the Author

Kim Lear is AGRiP's Generational Resident and founder of Inlay Insights. Kim is a researcher who explores how emerging trends impact the future of our workforce and marketplace, and is at the forefront of cutting edge research to uncover cultural shifts that revolutionize how organizations engage employees and consumers. She is known for her ability to use a mix of data, storytelling, humor, and actionable takeaways to discuss the trends that most impact the bottom line of organizations.

Previously, she was the content director at a research firm dedicated to Millennials trends. She has keynoted for several renowned companies and will open AGRiP's 2018 Governance & Leadership Conference. She is currently the head of research on a new book published by Harper Collins about Gen Z, the teenage demographic. Kim lives and works in Minneapolis where she is also running a research initiative to identify how the Sharing Economy impacts our perspectives on community and consumption.

The Association of Governmental Risk Pools (AGRiP) energizes the power of pooling, making member organizations more effective, collaborative, and informed. AGRiP represents and connects all pooling organizations while providing education and resources to its members. AGRiP brings the brightest minds and ideas together to help make pooling successful.