

# Business Leader Entry and Exit: Exploring Transitions

## EXECUTIVE SUMMARY

*Discovery Research by Marielle Gauthier and Kathleen Ozmun*

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# EXECUTIVE SUMMARY

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## CANADA IS IN ONE OF THE BIGGEST DEMOGRAPHIC WAVES IN THE COUNTRY'S HISTORY – THE BABY BOOMER RETIREMENT.

The retirement exodus from Canadian workplaces over the next decade will have an impact on business continuity, financial stability, and business growth. Businesses will also need to plan more strategically to develop new leaders as there may be a lack of qualified people who are ready to step into the retiring leaders' shoes.

According to Andrew Ramlo, VP, Consulting, Rennie Group of Companies, if adjustments are made to the current Canadian labour force model to account for retirement, the estimates are in the range of 316,000 retirees annually by 2030. Cumulatively, this means that over the next decade we could see about 3.3 million people retire from the workforce.

As executive coaches, we set out to conduct discovery research to understand the challenges that retiring and incoming leaders in Saskatoon and area are facing with their transitions as they exit, enter or move into a leadership position.

### KEY FINDINGS FROM THE RESEARCH:

#### Business Risks

A change in leadership is a time of flux and change for everyone - the leader and the team. These transitions create potential risks at every level of the organization and profitability, productivity and positivity can be negatively affected.

Serious risks were interruption of business and service, financial cost increases and revenue loss, staffing challenges, work relationship difficulties, under-resourced leadership development, and the inability to engage in strategic thinking and planning.

Risks are created as leaders struggle. If struggles are not addressed, they will continue to be risks to the business.

#### Struggles

Struggles experienced by both the retiring and the incoming leaders were about finances, family, career or lifestyle and who should make the decisions for the organizational role in transition.

The retiring leader felt conflicted about their decision to retire due to many factors. The incoming leader could become overwhelmed or intimidated by the challenges of replacing someone who was very experienced and effective. Additionally, the incoming leader struggled with a steep learning curve and time pressures.

Struggles have immense impacts on the business as they can reduce the productivity, performance and engagement of either the retiring or incoming leader and those impacts can “ripple through like a cancer”.

## Supports

The findings revealed different levels of support that businesses have in place for the transition of the retiring and the incoming leader.

For the retiring leader, 58 per cent of businesses had no support; 42 per cent of businesses offered multiple supports in the way of financial planning, Employee and Family Assistance Program (EFAP), seminars, coaching and a healthy living website. Twenty-five per cent of total respondents offered non-financial retirement supports (lifestyle and psychological) including EFAP, seminars, coaching, and a healthy living website.



The findings revealed four levels of support that businesses have in place for the transition of the incoming leader: 17 per cent offered nothing formal; 17 per cent offered onboarding basics; 8 per cent offered training for the position; and 58 per cent offered development for the position and in the business.

It was observed that there were inconsistencies for onboarding support offered to leaders.

## Financial Costs

The financial costs to these businesses if the transition failed were significant – from tens of thousands to more than \$3 million dollars. Costs were difficult to quantify as it varied based on the role in the organization.

We observed from the data that there were far more respondents who did not know or were unsure of the business costs should the transition fail as the leader exits the position (62 per cent), compared to when the leader enters the position (31 per cent.)

# CONCLUSION

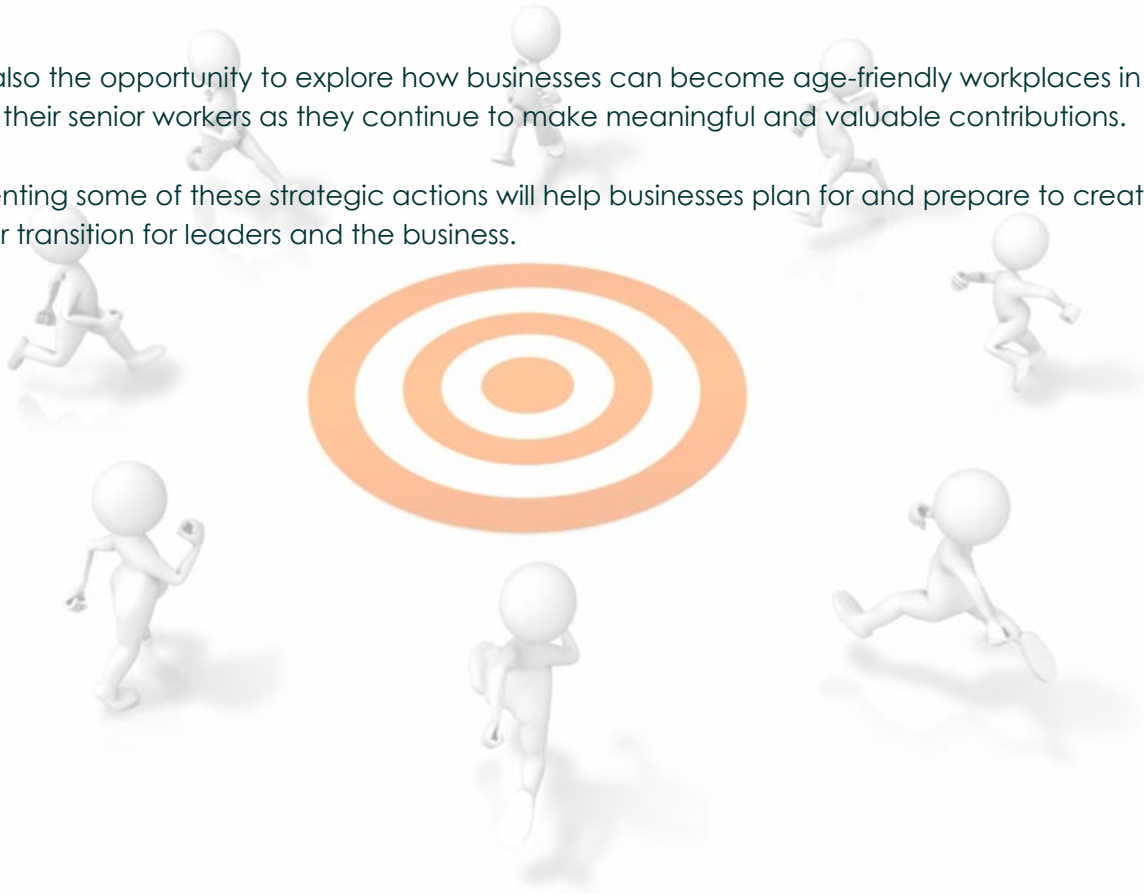
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**THIS RESEARCH SHOWS US THAT MANY BUSINESSES ARE CHALLENGED TO SUPPORT LEADERS TO TRANSITION EFFECTIVELY. THIS RESEARCH ALSO REVEALS THAT OPPORTUNITIES EXIST FOR BUSINESSES TO BETTER PLAN FOR THE WAVE OF RETIRING BABY BOOMERS AS IT GAINS AMPLITUDE OVER THE NEXT DECADE.**

There must be greater attention given to workforce and succession planning, more robust retirement transition support for the retiring leader and more extensive leadership support for the incoming leader.

There is also the opportunity to explore how businesses can become age-friendly workplaces in order to retain their senior workers as they continue to make meaningful and valuable contributions.

Implementing some of these strategic actions will help businesses plan for and prepare to create a smoother transition for leaders and the business.



“ Impacts of a retiring leader are not that simple but much further reaching. We need to take it seriously and make a deliberate effort with key positions and have a plan. ”

– RESPONDENT

# ABOUT THE RESEARCH

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## PURPOSE

We wanted to understand the challenges that exist for retiring and incoming leaders as they transition to exit or enter an organization. This discovery research is a high level perspective on leader transition in the Saskatoon and area business community.

## THE DRIVERS

- Baby boomers are retiring and are causing one of the biggest demographic shifts in Canada's history
- 316,000 Canadians will retire every year until 2030
- 3.3 million people will retire from the workforce over the next decade
- This shift will directly impact the Canadian workforce
- Leaders may struggle as they transition
- Some businesses are challenged to fully prepare for the transition

## THE SECTORS

12 organizations in the following sectors:

- 1 – Education
- 2 – Government - provincial and federal
- 2 – Not-for-profit
- 7 – For-profit including two family-owned businesses

## THE RESPONDENTS

- Thirteen respondents - C-suite and top level management (8); other levels (5)
- Every respondent interviewed was viewed as a leader, even though they may not have been in a formal leader position

## THE DATA COLLECTION

The data was collected by conducting 30-minute face-to-face interviews between August 29 and October 3, 2019.

The survey instrument had four sections:

1. Demographics and high-level questions to acquire initial impressions
2. Transition and exit of the retiring leader
3. Entry and transition of the new leader
4. Wrap-up questions

*The survey instrument consisted of open, closed, and 5-point Likert scale questions.*

# STRATEGIC ACTIONS TO CONSIDER

**BASED ON THESE FINDINGS, WE BELIEVE THERE ARE OPPORTUNITIES FOR GREATER ATTENTION TO BETTER MANAGE THE TRANSITION FOR THE RETIRING AND THE INCOMING LEADER AND FROM ONE LEADER TO ANOTHER.**

It is paramount that businesses look at decreasing and preventing some of the challenges as stated in the findings, to ultimately lower the risks, increase productivity and quality of work, and foster better stakeholder relationships, all of which impact the bottom line.

This report includes strategic actions businesses can take for the leader, the role and the organization. Actions for the leader include holding personal and professional development and performance support conversations; for the leader's role, actions include cross-training to ensure effective performance of roles and responsibilities and developing a transition support team; and for the organization, actions include the development of a talent management strategy to introduce and align the succession plan, the workforce plan and a leadership development program.

## Benefits

Businesses that enhance their support for these transitions are positioning themselves to gain the following benefits:

- Reduce risks and costs
- Become more resilient as a business
- Ensure business continuity
- Maintain a consistent revenue stream
- Foster better relationships with key stakeholders
- Have an engaged and informed workforce
- Maintain productivity and high quality work
- Consistent excellent customer service
- Smoother organizational changes

To discover the opportunities to support your leaders in transition, we invite you to explore these findings, share them with your team and choose key actions to implement.

## REACH OUT AND CONTACT INFO

We would like to hear what is happening in your organization. We are available for:

- presentations to your executive team
- assessments to identify key risks
- discovery conversations to explore your specific situation
- creation of a customized approach to achieve successful transitions in your organization.

## CONTACT US:

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# ABOUT THE AUTHORS

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**MARIELLE GAUTHIER**

Marielle Gauthier, owner of Redworks Communications and Coaching, works with leaders of small to medium-sized organizations to make improvements in individual and team performance and achieve business goals quicker; and with individuals to help them achieve their personal goals and live their extraordinary life.

She provides coaching, consulting, training and facilitation in the areas of succession planning, retirement planning, career success, building better relationships, effective communication, overwhelm and time management, change management, engaging and mobilizing employees, and strategic planning.

Marielle is a certified professional Results executive and personal coach, a Conversational Intelligence coach, an Associate Certified Coach (ACC) with the International Coach Federation, and an Accredited Business Communicator (ABC) with the International Association of Business Communicators.



**KATHLEEN OZMUN**

Kathleen Ozmun partners with change leaders and their teams to implement value-creating strategies that accelerate team outcomes by increasing collaboration and co-learning. She is a systemic team coach, an experienced facilitator, consultant and trainer, and owner of Crossing Point Coaching and Consulting.

Kathleen has 20+ years of experience in developing leadership abilities, leading technical and organizational change, engaging stakeholders, resolving conflict, and planning strategy in business, government, community and 'for-benefit' sectors.

She has certifications in Coaching Team Leaders and Enabling Teams, Prosci Change Management, Korn Ferry Leadership Architect, MBTI, and Human Synergistics. She is an Associate Certified Coach with the International Coach Federation.



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