



Dedicated to bringing relevant global leadership trends focused on integrity and values to senior business executives .

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“The single most harmful step you can take in a journey from good to great is to put the wrong people in key positions. Widen your definition of ‘right people’ to focus more on the character attributes of the person and less on specialized knowledge.”

Jim Collins, “Good to Great”

Succession in Practice

The New Role of the CEO in Succession Planning

The days of the CEO controlling the succession process are largely gone. While there are still CEOs that want to control the process of developing and selecting their successor, those days are coming to an end.

An effective CEO succession process today is a partnership between the board and the CEO. While the ultimate decision rests with the board, the CEO plays a critical role in the succession process.

Many CEOs point out that one of the most critical roles CEOs play in succession planning involves mentoring internal candidates and preparing them for leadership. The CEO also needs to find opportunities to give the board meaningful exposure to internal succession candidates. Getting to know management members better through one-on-one informal interactions is an important step that both board members and candidates find valuable.

Working with the board is probably one of the most essential components of any CEO’s job. Yet most internal candidates have relatively little board experience. As such, building a succession candidate’s capabilities in working with a board is viewed as a critical area that CEOs need to focus on in preparing their successors.

Internal vs. External

The case can be made for the CEO’s successor to come from either inside the organization or from outside. Many agree that the best candidate will come from within who has been developed to take this role. Outsiders wouldn’t know the history and culture of the company or the people.

However, in a growth situation, an external candidate might be preferable. An outside candidate who has broader experience in a larger organization would be able to take the company to the next level. Other reasons to go outside include wanting to break an insular culture, bring in a new perspective or change to a new business model. It’s important to develop inside candidates but in any of the above situations, you should evaluate against outside options as well.



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Why Small Companies Will Win In This Economy

In the worst economy we've seen in decades, Passlogix, a privately owned 100-person software development company, just received over a million dollars in prepaid commitments for the next three to five years of service. And they beat out several much larger more established companies, like CA (14,000 employees) and IBM (400,000 employees), to win those customers.

I don't know a single person who works for a large company who feels confident they'll have a job in 6 months. Not one.

Now, imagine you're a client wanting to buy from one of these companies. You call up your client contact to talk about the sale. One of two things will happen:

1. You have a relationship with her and so you talk and get a sense of her insecurity, fear, and distrust.
2. You have no relationship with her because the company is so big and you talk to a different person each time you call.

Either way, you'll probably get the sense that your contact may not be there in the future to fulfill her commitments to you. And that won't make you comfortable committing long-term dollars (or any dollars) to the company.

Now compare that to Passlogix, whose clients know they can pick up the phone and speak with Marc Boroditsky, the CEO. He tells clients about his commitment to the company and to them, and they know exactly who to call if the work isn't done to their expectations. That personal relationship, that trust, is important to them. They're willing to invest in it long term — to the tune of millions of dollars, up front.

And it's not just the CEO. If clients speak with other employees in the company, they'll get the same feeling of trust. A small company gives its employees a sense of security and employees pass that feeling on to clients. Not that small companies don't go out of business. They do all the time. But

each employee has much greater control over his own destiny. In a company of 30 employees, if you do a great job, there is a good chance you'll be recognized. But in a company of thousands? It's easy to be missed. And easy to be laid off.

We simply don't trust companies anymore. We trust people. That gives small companies a huge advantage.

There are hundreds of thousands of small businesses that aren't making millions but provide a good living for the people who work in them. Niche companies whose owners are trying to build sustainable businesses they love rather than fast-growing companies they can flip. They have no intention of retiring. They like working in them. And their clients know that. Which is why they have a loyal customer base willing to invest in the relationship.

Small is the new big. Sustainable is the new growth. Trust is the new competitive advantage.

Big investment banks are burning — but lots of small boutique firms, each with ten to twelve people, are opening up. And they're doing well. They've gone back to the fundamentals. Finding a niche in which they have value to add and deals in which they are experts. And then sitting across from other people in the deal, building the relationship, making reasonable commitments, and following through.

Small is the new big. Sustainable is the new growth. Trust is the new competitive advantage.

The client isn't looking for a vendor who has lots of time in the industry, or who's highly capitalized, or who has a long list of big name clients and a flashy office. I'm sure those things don't hurt. But it's not what he's looking for.

He's looking for people he trusts. For a CEO who picks up the phone when it rings.

Excerpts from Peter Bregman's post "How We Work," March 23, 2009

Succession, from Page 1

Smaller companies might be particularly challenged to find internal candidate pools. There are simply not enough leadership opportunities available to senior managers.

Clearly, the issue of succession planning is a critical one for CEOs and the companies they lead. Whether the board addresses the CEO or vice versa, the conversation needs to be started and the succession planning process must get moving. It may be one of the most important conversations a CEO will ever have.

For more of this article, visit www.chiefexecutive.net

Team Leaders Transform Companies

The Chronicle begins a series of articles profiling members of The ASLON Group Advisory Board. Our purpose is to introduce these individuals to our readers and share their insights and experiences in the various businesses they represent. We begin with Mark Ludwig, Vice President of Human Resources and Assistant Secretary for Chart Industries, Inc., Cleveland, Ohio.

Chart Industries, which employs 2,800 associates worldwide, designs and manufactures pressure vessels used to process, store and transport gases. The company generated \$744 million in revenues in 2008. Mark has been instrumental in facilitating leadership and management improvements at Chart's manufacturing facilities in the U.S., China and Czech Republic.

Prior to joining Chart in 1999, Mark spent much of his career with White Consolidated Industries, Inc. In 1985, he worked for a supplier for Honda in Marysville, Ohio where he observed firsthand the effectiveness of Japanese operations in developing lean manufacturing. This experience added to a passion Mark has displayed throughout his career for creating leadership teams that work effectively together to drive out waste and improve operations to be more competitive in today's global marketplace.



"The difference between success and failure in organizations is a good strong leadership team that works well together. In fact, I'd rather have B players who work well together than a bunch of A players who don't. It's integrity. An attitude of 'I'm here for the organization' is different than 'I'm here for me.' If 'I'm here for me' then I'm probably not a team player," Mark explained.

Mark has been active in trying to promote this mindset at each of Chart's eight manufacturing facilities. His efforts in China have been the greatest challenge due to the cultural differences and the language barrier, he said, but was quick to point out that all of the company's facilities have necessitated changes to improve interaction between associates. "To accomplish this, you first have to get people to think differently and then get them to work together differently," according to Mark. "It's a matter of instilling the fact that all of us play a part in how to solve problems and work to improve faster than our competition."

Mark describes his role first and foremost as a facilitator. "My job is to assist them {leaders and workers} whatever way I can, but ultimately change has to take place locally. We can't dictate from the corporate office. They have to own it."

Mark has worked to facilitate transformation through **Operational Excellence Audits** where a four-person team, including Mark, visits each plant to measure several areas of business processes against world-class industry standards. This audit process also encourages the local operations to create **Plant Steering Committees** to provide a formal structure to ensure the various areas of operations are functioning as a team. The steering committees focus on interdepartmental cooperation in objectives, such as cutting costs, reducing waste, and improving customer service. In addition, Mark worked to create a new position at the company — **Director of Organizational Development** — as a way to further develop leaders and create more opportunities for

professional development. After one year of launching these initiatives, Mark says there has been measurable improvement, but admitted that it's a slow process. "It takes time to break down barriers and get people to work together. Then it takes even more time to get people involved on projects to be effective. As leaders, our job isn't really to know everything, but rather to get people to solve problems." He points out the necessary steps leaders must take in the process of establishing change. They must:

- ◆ See things differently and get a vision.
- ◆ Find courage to follow the vision and realize the status quo is not acceptable.
- ◆ Invest time in people so they can see the vision and learn to solve problems.
- ◆ Listen to employees' suggestions on how to achieve the vision.

"It all comes down to leadership. Leaders need people following them and functioning as a team." Mark refers to Jesus Christ as the ultimate example of a leader because of his *servant* leadership style. Jesus set out to help his disciples function as a team, Mark explained. "He took 12 uneducated men and in less than three years left a group of people who had the courage to do what was totally contrary to the norm. He created the passion and the vision and the truth to propel them forward." Mark added that speaking the truth is key to effective leadership.

"In business, when you speak the truth — and people know you're speaking the truth — they will follow."

Mark and his wife Cheryl reside in Brunswick, Ohio and have two grown children. Mark received his B.A. in business administration and human resources from Michigan State University and his M.B.A. from Ashland University. He has served on The ASLON Group Advisory Board since 2006.



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*"Great leaders
build...enduring greatness
through a paradoxical
blend of personal humility
and professional will.*

Jim Collins

Mission Statement

Our mission is to be the leading integrity-based retained search firm focused on identifying, assessing and delivering world class leaders.

Integrity Is King

"Integrity is a word that is widely used – and widely misunderstood. If you were to ask the average person for a definition of integrity you'd probably hear a lot of hemming and hawing.

People of integrity don't abandon their values and principles under pressure. They know that times of adversity and temptation are precisely when values and principles matter most. They keep promises. They fulfill obligations. They maintain their honor even when it is costly to do so.

To be a person of integrity, you must stand for truth and righteousness at all times – even when you are under fire, in extreme temptation, in times of loneliness and solitude, and great need, suffering and want. If your integrity is something you can put on and take off like a suit of clothes, it's not integrity at all. It's just a disguise to hide the person you really are.

Optimize magazine published this succinct description of integrity in its May 2005 issue:

The 10 Universal Characteristics of Integrity:

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|---|---------------------------------------|
| 1. You know that little things count. | 6. You care about the greater good. |
| 2. You find the white when others see gray. | 7. You're honest but modest. |
| 3. You mess up, you fess up. | 8. You act like you're being watched. |
| 4. You create a culture of trust. | 9. You hire integrity. |
| 5. You keep your word. | 10. You stay the course. |

Excerpt from "The 60-Second Mentor" with Pat Williams

Make Way for the Baby Boomers – Again

Some are now questioning the assumption that the 80 million Baby Boomers born between 1946 and 1964 will soon begin retiring in record numbers, leaving a huge talent gap for many companies to fill. The global financial crisis has created fear and confusion for many Boomers, who suddenly have seen nest eggs shrink dramatically and fear they may outlive them if they don't continue working. Employers may soon find their workforce filled with employees who are bent on working past early retirement dates or even the traditional retirement age of 65.

The full trend is still unclear, but if retention of older workers is less of an issue as a consequence of the significant losses suffered by them in their retirement accounts, then motivating them while they remain employed may be a more pressing concern. Keeping these older employees a viable part of the workforce will require a shift in perspective by both employers and the older workers themselves, one that emphasizes job flexibility and lateral movement within the organization.

Generational Characteristics

Most organizations, of course, understand that there are shared generational characteristics in the primary demographic segments of their workforce. For example, as a group Baby Boomers tend to define themselves through their jobs and achieve their identity through the work they perform. Boomers tend to be competitive, moralistic, optimistic and self-focused. Typically they view training as a means to career advancement, defined as achieving the highest feasible income and responsibility levels.

These experienced, long-time workers have spent years acquiring their skills, and finding new ways to use those skills is essential so that Boomers do not clog the promotional pipeline for younger generations of coworkers. Often, older employees may have excellent growth potential but have been on one career path for an extended time and cannot visualize how best to make a change. They may assume that their only choice is to find another job that closely matches what they have been doing, thus limiting their organizational flexibility. These employees are more likely to perform to their true potential once they realize that new positions, not necessarily at senior levels of responsibility, can be equally or even better aligned with their interests and work styles.

Excerpt from Recruiting Trends article by Sharon Birkman Fink, April 7, 2009