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Publisher's Dinner:

The essential role of company culture in successful succession planning

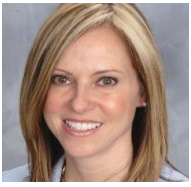
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PARTICIPANTS



BRANDON HURD, President,
Hurd Construction



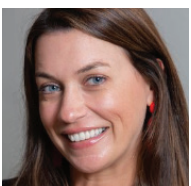
VIC HURD, Senior Administrator,
Hurd Construction



JACKIE ROWLAND, President,
Russell Rowland



PARKER ROWLAND, CFO,
Russell Rowland



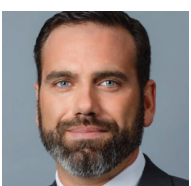
KATIE KIRCHNER, Partner,
Strategic Sites



KATE CLIFFORD, Owner,
Strategic Sites



BOB GOLDBERG, Owner,
Strategic Tech Partners



PAUL BERTOZZI, CEO,
Live Oak Contracting



KEVIN KELLY, CEO,
Sauer Construction

Comerica Team Members

Melissa Linn, Senior VP, Senior Wealth Planning Specialist,
Comerica Wealth Management

Jeff Wilson, Managing Director Investment Banking, Comerica Securities*

Bob Buchanan, Senior VP, National Practice Leader, Business Transition Planning,
Comerica Wealth Management

Jacksonville Business Journal

Timothy Gibbons, Editor in Chief

Sara Pomposo, Publisher and Market President

The publisher's dinner was sponsored by Comerica Bank, a leading bank for business, which has a proud 175-year history (2024) of helping businesses and their owners succeed, grow and when it is time transition generational leadership. Comerica believes it has the right balance of having a large bank's capabilities while providing small bank service. In Jacksonville, Comerica offers commercial banking, equipment leasing, private banking, trust and wealth management solutions. Leading the bank's growth efforts in North Florida is Christopher Clark, senior vice president.

Entrepreneurs and CEOs often work in the moment, focusing on their startup or growing company and finding success in the next milestone achievement.

But what about the big picture — the future? How do they scout and recruit the next employee, then prepare that up-and-coming workforce to be tomorrow's skilled professional — and possibly next in line in succession planning?

Are entrepreneurs and CEOs prepared for the day they retire, and the next generation of leadership takes the helm to grow the business?

In this recent panel discussion held by the Jacksonville Business Journal, in partnership with Comerica Bank, several Northeast Florida serial entrepreneurs and senior executives discussed how business planning, recruitment, hiring and nurturing a solid culture can prepare a business for success today and succession tomorrow.

Here are some key takeaways from the conversation. The participants' comments have been edited and condensed for clarity and brevity.

Making leaders of the future

Tim Gibbons, editor in chief of the Jacksonville Business Journal and the moderator of the discussion, asked panelists how they ensure they're not leaving future leadership to chance and what they're doing to make leaders of the future.

Their responses came down to a word: culture. Hire, teach, share and imbue your team with the culture you've created, said Kate Clifford, owner of the commercial real estate firm Strategic Sites. Clifford also teaches real estate classes at the University of North Florida.

It starts from the first day on the job and is celebrated with every listing, contract and closing, Clifford said. "The future is always in front of you. Teach and share and try to create a culture that people want to be a part of."

Strategic Sites Partner Katie Kirchner agreed that culture is the environment leaders create early on. From new hires to senior executives, an open door invites those with questions to ask them and encourages those with answers to share them without any sense of burden.

"You have to create an environment where people are looking up to you for that information, and understanding that, 'I don't know it, but I can definitely go find that out,'" she said. "And you're going to help me become better at what I do. It starts from day one — with junior agents all the way up."

As an entrepreneur and president of the real estate development and contracting firm Hurd Construction, Brandon Hurd rewards people in his company, paying premiums to top performers and hiring interns straight out of college. As the company celebrates nine years in business, he finds the right people, invests in their talents and tries to understand and share the journey to their success. As a small business, he's able to personally take the time and make those investments. He says it's "awesome" to connect with his people.

"We're a smaller organization, so who knows where growth will come from," Hurd said. "We have to find the right person and help them grow into their role. Let them try and fail and have the infrastructure and backend there to support them."

Rewards can come in many ways, said Bob Buchanan, senior VP, national practice leader, business transition planning with Comerica Wealth Management. Ownership can encourage leadership through employee ownership, such as an employee stock ownership plan (ESOP), or some other sales model.

"You need a culture that produces leaders," Buchanan said. "If you have that, it doesn't matter what path you're going down, you're going to be much more successful."

At Sauer Construction, culture is built with every new hire, said CEO Kevin Kelly. When attending local and collegiate career fairs, he puts candidates' resumes aside and focuses on their personality. Is the candidate a good team player? Do they possess virtues that speak to a team mentality? He thinks about the three virtues highlighted in the book, *The Ideal Team Player* by Patrick Lencioni. He asks if they are hungry, humble and smart.

"That resonated with me," Kelly said. "Culture is a side factor of good hires. I know it when I see it. It's a certain feeling you get."

As president of one of Jacksonville's fastest growing companies, the structural engineering firm, Russell Rowland, Jackie Rowland ensures her company has people on area university boards and participating in career high schools. Like Kelly, she hires for culture and adaptability, even if the candidates have no idea what her company does. Core values are more than a "poster on a wall," she said. It's revealed with every interaction. "I can teach that," she said. "I just need someone who fits



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BOB BUCHANAN

Senior VP, National Practice Leader, Business Transition Planning with Comerica Wealth Management

our culture. It's going to that next level before you even hire them."

Finding that right fit often comes from the firm's reputation, Kirchner said. New hires may be drawn by the firm's or partners' reputation and then operate under that shadow for years before developing a name for themselves. That was her experience at the start with Strategic Sites. Clifford was well regarded throughout the community. In time, Kirchner developed a brand of her own within the company and community.

"Forever, it was, 'Oh, you work with Kate?' I take great pride in that," Kirchner said. "It's part of becoming part of the company and becoming 100% engrossed in it. You lose some of your own individuality, until you kind of create your own line."

Maintaining company culture with remote work

Gibbons wondered how to keep culture intact when leadership is away. Rowland said with remote work still part of the workplace reality, trust became vital as leadership and the workforce realized work could be done from anywhere. Business owners are struggling to keep culture vibrant in remote environments and she believes the conversation will grow more pressing as return to work becomes a widespread reality.

A sign in the offices of Live Oak Contracting says, "BullPen" and speaks to the internship and training program the company nurtures, said CEO Paul Bertozzi. As people were leaving the industry, Live Oak started a more robust internship and training program and found upwards of 60% of those who came through the bullpen stayed with the company. As the company grows its presence beyond Northeast Florida, such camaraderie helps individuals feel connected. "Attaboys," congratulations and praise are given freely, "every single day," he said.

When contractors were deemed essential employees during the Covid-19 pandemic, they had shirts printed that read, "essential

employees," Bertozzi said. The company that had been named to Inc. Magazine's list of fastest growing companies wasn't ready to slow down during the pandemic. They're now "ready to grow." With the next investment, they'll beef up the management team.

As teams today find themselves dispersed across communities or the country, opinions were mixed on whether virtual is a help or hindrance. Jeff Wilson, managing director investment banking with Comerica Securities, works with younger colleagues who believe "everything can be done on Zoom. I like people around me to see how hard I work. Do I show up on time? Do I do what I say I'm going to do?"

With employees in 11 states who handle IT for government contracts, Bob Goldberg, owner of Strategic Tech Partners, finds benefits to in-office and remote work. Commuting around Washington, D.C., can be a struggle and some people are more productive in the remote setting. Today, he can recruit top talent regardless of location. However, nothing beats the camaraderie built by a face-to-face collaboration or even talking NFL in the office. "It goes both ways," Goldberg said.

Engaging next generation leaders

Gibbons wondered how employers are addressing the "generational gap." How are leaders ensuring rising leaders get the experience needed and their ideas are being shared. Clifford said she often will ask her teams to teach her how to use a new software application or piece of hardware. "Have them teach you," she said. "I'm the first to raise my hand and say, 'Help.'"

Empower them not only to ask questions, but to bring solutions to the table. Be prepared to welcome their suggestions, if not to embrace them outright. That could be a social media platform or a marketing effort. Hurd, a late 30s "old soul," was slow to embrace social platforms such as TikTok. Artificial intelligence (AI) similarly drew hesitation initially. Now he knows it will shorten learning curves and help put products to market quicker — if the older generation is willing to seek out instructions.

He learned from his team that a submittal package that should have taken a day to prepare took two hours.

It's a far cry from how these older professionals learned their tradecraft back in college, admitted Rowland. Technology has replaced much of the drafts, but "you need the understanding of what it's doing."

That's part of the process — the leadership expectations, which must be imparted to — and by — the team, Hurd said. As his next generation of leadership was rising, they were pushing him to advance the mission "to keep them from getting bored," he said. As Wilson noted, the management team must lay out the path for the organization's future, including succession planning. Buchanan called it "institutionalizing processes that enable growth in the organization."

Starting succession planning earlier

Gibbons suggested successful companies are looking at succession planning earlier and questioned how that's being accomplished. Melissa Linn, senior VP, senior wealth planning specialist with Comerica, commented how "business owners are notorious for ignoring themselves and instead focusing on their business." That can include ignoring succession or transition plans.

Time is of the essence. "The later you start, the fewer options you have to exercise your plans," she said. "Thinking about it in advance makes a big difference in the outcome. This is your baby, your life's work."

If the exit isn't an acquisition by another firm, how can current leadership ensure they're grooming existing talent to one day take the helm? How can senior leaders distinguish between managers, leaders and potential future owners? How do you find the next owner, Gibbons asked. Would they work the hours, take out the loan, mortgage their home?

"Are they willing to put it all on the line," asked Rowland. "Most are not."

Bertozzi has created businesses with individuals, including employees, who've brought opportunities to him — and on whom he felt were comfortable with risk. None get a free ride, he said. "What are you putting into it?" he asked. "I'll help support this, but they've put their names on lines of credit."

Even families who want to sell their businesses

to the next generation often face obstacles. The offspring may need parents to sign, cosign or hand over the keys — only to find their children are "wonderful employees or are good leaders. But they're not owners," Linn said. "It takes years to figure out how to make that work. If you wait until the end, it's too late."

Panelists acknowledged that entrepreneurship and being a CEO has more components than in-the-moment leadership. It's building culture, recruiting and training for today's successes and planning for tomorrow's course — and eventual succession. As today's leaders prepare for the future, culture will help businesses navigate the unknown.

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