



CRESTCOM®

SUCCESSION PLANNING IN THE NEW NORMAL

A Comprehensive Long-Term Succession
Strategy For Any Organization

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Introduction

Does your organization have a succession plan? If someone in the C-suite were to depart today, do you know who would take their place and how the transition would be managed? If you answered no, you are not alone. A [2021 SHRM Survey](#) of active H.R. professionals found that only 21% of their organizations had a formal succession plan in place. 24% reported having an informal plan, 20% said they didn't have a plan but intended to create one, and 36% admitted they had no succession plan—and no intention to create one.

These statistics are shocking, considering that around 10,000 baby boomers in the workforce are reaching retirement age daily. According to Pew Research, nearly [29 million baby boomers retired in 2020](#), and 75 million are expected to retire by 2030, paving the way for what is being called “The Great Retirement”. However, retirement is not the only reason succession planning is important.

The Great Resignation has also caused talent shortages and disruption. In 2021, 47.8 million workers voluntarily quit their jobs in the U.S. alone. According to the U.S. Bureau of Labor Statistics, 1,231 CEOs left their position that same year. The rest of the world has seen a similar trend — the [Future Forum](#) report published in January

2022 found that 53% of workers in France and 55% in Germany and Japan are open to looking for new jobs in the next year. That number rises to 60% in the United Kingdom and 64% in Australia.

Even before the challenges presented by the COVID pandemic, organizations were having trouble finding the talent they needed. A 2018 ManpowerGroup Talent Shortage Survey of 40,000 employers around the world found that 45% were already struggling to remain fully staffed and that the applicants considered had fewer years of experience and demonstrated a lack of both hard and soft skills.


Companies can no longer assume they will simply find the talent they need; they will need to develop it strategically. This will be challenging due to the high rate of turnover that has become the norm for most organizations. The U.S. Bureau of Labor Statistics reported in January of 2022 that the average worker changes jobs every 4.1 years, and 91% of millennials expect to change employers every three years.

The need for succession planning is clear, but the rules of succession are changing. There is a real need for a

strategic, focused, and ongoing succession management plan - one appropriate for the rapidly evolving workplace. A list of potential CEO names in a drawer is not enough. The scope of succession planning must be much broader and include strategies for attracting the right people, retaining them and preparing them for key leadership positions. When done correctly, succession planning can give any organization a competitive advantage and ensure longevity by consistently tending to its talent pipeline.

The following chapters will take a closer look at how to create, manage and sustain an effective succession plan. Learn about the common barriers to creating a succession plan—and how to overcome them by adopting more comprehensive long-term recruitment strategies.





Chapter One: Common Barriers to Successful Succession Planning

Barrier # 1 – Senior Leader Reluctance

Barrier # 2 – We Don't Have Time

Barrier # 3 – We'll Just Promote Someone When the Time Comes

There is a reason that so few organizations have a formal succession plan in place— succession planning can be a complex and sometimes emotional issue. For example, the topic of succession can be fraught with conflict in a family business when faced with choosing one relative over another. There can also be challenges with getting current leadership to think about future retirement or unexpected changes like illness, injury or death.

Barrier # 1 – Senior Leader Reluctance

The entire organization must champion a succession plan from the top down to be effective. However, it may be difficult for a leader to make a plan to no longer be part of the company. Most CEOs and top executives will have difficulty imagining life without their job or realizing they will no longer actively set the direction of the organization.

There are several common themes of leader reluctance:

- **“I don’t trust anyone to take over.”** It is not uncommon for leaders to be unsure who to trust to take the reins after they leave. Leaders that feel this way should consider bringing in more talent with senior-level experience and an impressive track record.

Or, if there is an existing employee with leadership potential, try giving them increased responsibility and actively mentoring them to determine if they are ready for executive leadership.

- **“No one else knows how to do what I do.”** This may be true, as top executives often have quite a bit of specialized experience gained while leading an organization. However, it is every leader’s responsibility to ensure that knowledge is shared throughout an organization. Consider creating a thorough training resource for a successor that includes information about daily tasks, strategic processes, challenges and best practices. Creating such a resource will not only be helpful to an eventual successor but will also provide a clearer picture of what skills and knowledge will be needed to fill the role.
- **“No one wants to take on this role— it’s too much work.”** CEOs and top executives often set a high standard and typically have very full calendars. Younger leaders may be intimidated by a seemingly never-ending workload and unsure if taking a top executive position would even be worth it. If this is the case, senior leaders should consider being more transparent about their daily schedules and activities. It



can also be a sign that top leaders are not delegating effectively. Allow younger leaders to take on more responsibility so they can start preparing for future roles. Also, remember that part of mentoring and coaching is ensuring employees know why moving up in an organization is worth it.

- **“I’ve got several years to go before retirement. What’s the hurry?”** It’s important to consider that discussion of succession planning may cause senior leadership to feel they are being pushed out before their time. However, succession planning should be an ongoing process that is embedded into organizational culture - not a last-minute plan only to be discussed after a retirement announcement. Making succession an ongoing conversation that evolves over time will make it less likely to trigger negative feelings.

There are many reasons why a CEO or other top executive may feel reluctant to plan for their eventual departure. Leadership takes tremendous commitment and passion and often becomes intertwined with a leader’s sense of self. It can be very difficult to picture a life without their work or to imagine a time when they won’t be able to continue at the same pace. However, leaders that want to preserve their legacy and ensure their organization’s

future success must overcome this reluctance and consider succession planning a part of their responsibilities—not just for their own role but for all top positions in the company.

Barrier #2 - We Don't Have Time

The fast pace of daily work can definitely make it challenging to create a succession plan—and it requires both time and serious thought to decide what an organization's future should be. However, as the saying goes, the best time to start was yesterday, but the next best time is now. If top executives are too busy working on daily tasks to work on the future of their organizations, it could be a sign that they should be delegating more of those tasks to free their time to focus on these complex issues.

Barrier #3 - We'll Just Promote Someone When the Time Comes

Some leaders avoid a formal plan, believing the right person will appear at the right time. What if all business problems were handled this way? Not having a formal succession plan can cause a negative ripple effect, possibly

resulting in losing top performers. If there is no clear plan about what happens when a senior leader leaves their position, employees may become disengaged, believing there is no real future for the organization. Also, team members looking to progress to the C-suite can become discouraged if there are no discussions about promotions or succession plans. They may assume the only way to further their career is to move on to another employer.

No matter which barrier an organization might be experiencing, the fact is that one surprise resignation or an unexpected illness or family issue can be a disaster for a company that has no succession plan in place. When the unexpected arises, it's too late.

A triangular frame in the top-left corner contains the silhouettes of two soldiers in full combat gear, including helmets and rifles, standing against a cloudy sky. The frame is surrounded by several thick, diagonal, semi-transparent lines in white, light blue, and dark blue.

Chapter Two: A Lesson From the Military

Militaries around the world can offer a lesson in succession planning. When most people join the military, they begin at the lowest rank and work their way up. Generally, service members spend two or three years in one position before moving to the next level and a new assignment. Upon enlisting, the expectations are set clearly. Service members are expected to learn quickly, take on increasing responsibility and learn the skills needed to prepare for their next role. Each job prepares them for their next, and systems are in place to ensure they receive training and mentoring along the way.

This rate of turnover in the civilian world generally causes chaos and instability. However, it is built into the military system to create a clear path from one level to the next. When leaving a position, there are systems in place to leave clear instructions, information and resources for the person assuming that role. Because succession planning is embedded into the culture of the military, preparing for what's next is part of every job role.

The military also has an enviable approach to identifying talent and potential. Consider the British Royal Air Force, where the head of the force traditionally starts their career as a pilot. How does someone originally trained to fly a

plane gain the skills to lead a large, complex military branch? Assessments, feedback and training are consistent throughout a military career, allowing leaders to prioritize identifying future leaders and preparing them to lead. Importantly, potential and performance are considered separately but given equal weight when identifying emerging leaders.

Admiral Sir Jonathon Band, who led the Royal Navy as First Sea Lord between 2006 and 2009, explains, “The military system is such that there is always somebody else thinking about your next move. In the commercial world, on the whole, people look after their own careers, and approaches to internal spotting and succession planning are variable at best. There’s always a debate about whether somebody better can be sourced externally. Formal reporting systems and targets are essential, but not many have them.”

What could civilian organizations learn from the military approach? While not everything possible in the military can work for a civilian business, leaders can commit to making succession planning part of their organization’s culture. Retired Captain in the U.S. Navy, Eric C. Holloway, explains, “The key to succession in the military is involving

the entire organization rather than just selected individuals.” If every workplace culture were structured in a way that focused on helping employees develop the skills they will need to reach the next level through cross-training or promotion, employees would have a greater sense of purpose. Professional development and coaching would become a necessity rather than something that would be nice to have some time in the future.





Chapter Three: Start With a Clear Vision

Developing an effective succession plan will require clarity about the organization's vision. This may mean re-committing to an existing vision statement, updating it, or completely reimagining it. An organization's vision statement should be forward-thinking, flexible and able to provide clear direction for generations of leaders to come. A clear vision statement establishes a strong foundation and ensures that decisions and actions are made around a common goal.

The first step is to get input from stakeholders like the executive team, board of directors and new or emerging leaders. Use questions like the ones listed below to refine the vision for the future and create context for a sustainable succession plan.



- What will the organization look like in 20 years, 30 years, or 50 years?
- What would you want to do differently if you were to start the company today?
- What larger benefit do you offer customers in addition to the actual product or service?
- If the organization's product or service becomes obsolete, how will the business continue to benefit customers?
- What external factors will impact your industry now and in the future?
- What can you do now to increase efficiency and performance?
- How can the organization become more adaptable?
- What are the organization's core values, and how can you embed them into daily activities?

Stakeholders can use these questions to brainstorm individually or in groups to determine their common vision for the future. Once that groundwork has been established, the next step is to decide the right method and scope of succession planning for the organization.



Chapter Four: Three Approaches to Succession Planning

Comprehensive Long-Term Recruitment

Limited Long-Term Recruitment

Outside Recruitment

Establish a Timeline

A succession plan is an investment in an organization's future

In a perfect world, every organization would have unlimited time and resources to commit to creating a succession plan. However, in reality, that is never the case. Each organization will have its own circumstances to consider when determining the right approach to creating a plan for successions. Most will look like some combination of the methods listed below.

Comprehensive Long-Term Recruitment

This approach is the most involved and requires the most time and resources. A comprehensive approach to succession planning starts by identifying a plan for leadership at every level of the company. This means planning for leadership positions from the front line to the C-suite. A common way to create this type of plan is to task each leader with identifying their own potential successor. Once they have done so, they should communicate with that successor and create a formal training program.

This type of comprehensive succession planning spreads accountability throughout the organization and can increase employee engagement and morale by involving more team members. It also lets emerging leaders know that the organization is committed to supporting them and helping them grow in their careers. Comprehensive long-term succession planning creates a transparent path for talent to advance within the organization and prioritizes training and development.

However, the broad scope of a comprehensive long-term recruitment plan can be overwhelming to implement. It may not be possible for smaller organizations to commit the time and resources required. It's also important to note that this is a continuous process, as candidates may leave the company anytime. When that happens, a new successor must be identified and developed over time. In many cases, more than one candidate will be targeted to train for top roles to minimize disruption in the plan if someone were to leave the organization.

Limited Long-Term Recruitment

This approach identifies 3-5 critical leadership positions within the company and only creates formal succession plans for those positions. This can be an excellent place to start if the comprehensive approach is too overwhelming.

For this limited approach, an executive team can be tasked with identifying potential candidates and creating a targeted training and development plan to prepare them for taking a top leadership role in the future. By focusing on just a few top positions, a plan can be made more quickly, and more resources can be allocated to developing these future leaders.

However, a limited approach should be considered as a single phase of succession planning. Once this part of the plan is in place and working well, it should be expanded to include other leadership roles throughout the company. The disadvantage of this plan is that it excludes the participation of mid and lower-level managers, which may discourage emerging leaders. An executive team may not be aware of lower-level employees interested in growing their roles, so they may inadvertently overlook potential candidates.



Outside Recruitment

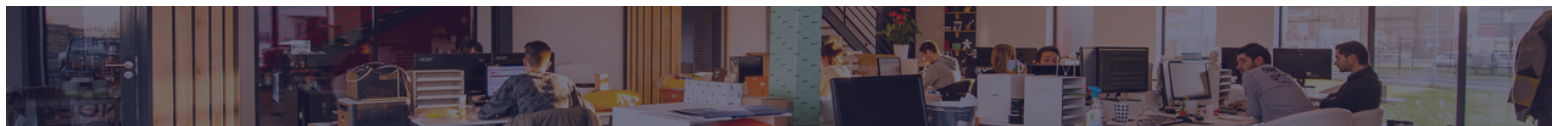
Recruiting from outside an organization is a great option for small organizations that don't have candidates within their current talent pool. It can also be a way to introduce new leaders with fresh perspectives into the company or for smaller teams because they can enlist the help of outside recruiters and consultants to find the right person for the role.

For this approach, an executive team will still be needed to identify critical roles and the skills required to fill those roles. Finding and interviewing candidates that are both qualified and a good fit for the organization can still be time-consuming. There will also be a lengthier training and onboarding period for new leaders unfamiliar with the day-to-day workings of the business. Recruiting from outside can also be discouraging to current employees eager for a promotion. However, external recruitment will be necessary if there is no clear successor for a vital leadership role.

Establish a Timeline

No matter which of these approaches works best for your organization, it is vital to establish a timeline with specific deadlines. Even with the best intentions, there are competing priorities on every leader's task list. By setting a firm schedule that maps out tasks and deadlines, it is far more likely to be accomplished. Remember, a succession plan is an investment in an organization's future and a contingency plan for the unexpected. Creating a succession plan that evolves and grows with an organization is worth the time and effort.

As noted before, most organizations will use some combination of these three succession planning approaches. The important thing is to choose a place to get started and know that it can evolve towards a more comprehensive approach over time.





Chapter Five: Developing Future Leaders

Create a Skills-Based Organizational Chart

Get Familiar with the Internal Talent Pool

A Structured Approach to Leadership Development

Now that we have considered the right method and scope to approach succession planning, the next step is implementing the ongoing process to identify and develop future leaders. Some companies may only address succession as an event that occurs once a departure is announced. Unfortunately, that approach leads to disruption and rushed decisions which can result in missing out on great candidates for leadership. However, when succession is treated as an ongoing process connected to leadership development, it will set the stage for future success.

Create a Skills-Based Organizational Chart

To identify and develop future leaders, consider the skills needed to fulfill top leadership's responsibilities. One way to do this is to take a fresh look at the organizational chart. Rather than taking the existing organizational chart and noting the names of potential successors— fill out each position with the most important job duties that person will perform and the skills that they will need. This process can help clarify roles, identify gaps in talent, and sometimes reveal a need for additional leadership positions.

When mapping out the fundamental skills needed in each role, remember to think about how the organization might change in years to come and what skills might be needed to continue to grow the business. To create a skills-based org chart, consider these twelve leadership skills that Crestcom has identified as fundamental for any leader:

- Communication
- Customer Focus
- Decision Making
- Delegation
- Developing Productive Teams
- Leading Through Change
- Managing Time and Energy
- Innovation
- Problem Solving and Strategic Thinking
- Diversity & Inclusion
- Recruiting and Retention
- Emotional Intelligence

Then, fine-tune the competencies needed in each specific role. For example, a future CEO might need to be skilled at driving for results, building the right team, and executing a

vision. A Director of Sales might need the ability to develop positive relationships, have a customer focus, and influence others. It is also helpful to consider what problems these leaders will need to solve in the future. Will the next generation of leaders need additional skills the current leaders don't have?

Once the core skills for each role have been identified, it will become easier to select candidates and create a formal training and development plan to help prepare emerging leaders to take on more responsibility in the future. It can also help inform the selection of potential successors objectively by establishing evaluation criteria before considering candidates.

Get Familiar with the Internal Talent Pool

Once there is a skills-based Org chart to guide decisions, the next step is to examine existing talent and identify employees with the potential to move into bigger leadership roles. Sometimes organizations default to the candidates with the longest tenure, but that does not always translate to the most qualified person for the job.

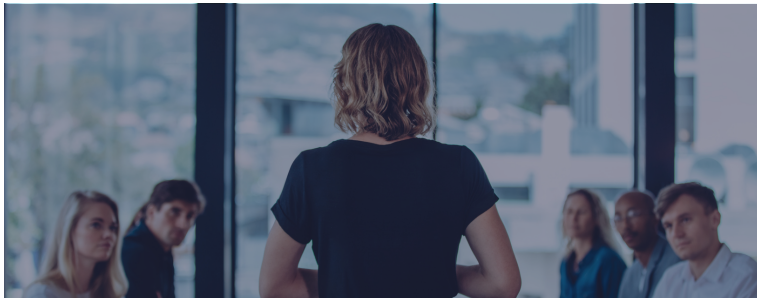
When building a long-term comprehensive recruitment strategy, it is important to get employee input. Leaders may be unaware of the aspirations of their employees and overlook unpolished talent that is eager to learn. For example, an employee who is a star in one department might be taking continuing education courses to become qualified for a promotion in a different

**"Succession Planning
helps build the bench
strength of an
organization to ensure
its long-term health,
growth, and stability."**

-Teala Wilson,
Talent Management Consultant

department altogether. An entry-level accountant may be taking night courses because they would like to become a CFO one day. Managers will only discover these things if they have real conversations with employees to learn about their career goals. Overlooking emerging talent within the organization often leads to losing that talent to another employer.

One way to start these conversations is to engage in ongoing dialogue with employees at all levels. These conversations can be formal one-on-one meetings or regular group discussions. Ask questions about what they like or don't like about their job, what they wish they could do more of, or what role they would want to play in the organization's future. Having these future-based conversations can help identify leadership potential on the team.



Another great approach is to offer a leadership training track to employees on a volunteer basis, allowing team members to identify themselves as someone interested in taking on more leadership responsibility. This is a great way to become aware of employees that might otherwise be overlooked. Encouraging aspiring leaders to self-identify is also an inclusive approach that can help overcome unconscious bias in the selection process.

A Structured Approach to Leadership Development

Leadership development that tracks progress and holds participants and their managers accountable will yield the best results for a long-term succession plan. One option could be to enroll in a formal program like [Crestcom's 24-module, 12-month-long leadership development program](#) to develop leadership skills alongside professionals from other industries. The opportunity to learn with other emerging leaders while benefiting from a structured, live-facilitated classroom environment ensures that participants will grow both their professional network and leadership potential.

Candidates for succession to senior leadership may also

require a personalized development plan. These individuals can prepare for their next role by participating in internal programs like formal mentorship, job shadowing, or cross-training in multiple departments to understand the business from various perspectives. Key succession candidates should receive consistent one-on-one guidance from current leaders to ensure knowledge transfer and continuity as they advance through the organization.

Providing opportunities to gain the skills needed to be successful in future roles and learn more about those jobs has two clear benefits. First, if the candidate is eventually promoted, they will be well-prepared to take on the additional responsibility. Second, it allows them time to be sure they really want that job. It's not uncommon for high-performing individual contributors to want recognition for hard work and the increased compensation that comes with a promotion — only to find that they don't enjoy the manager or executive role. Providing some ability to experiment and learn about different leadership roles can ensure that the right candidates are considered for the job — and that the job is a good fit for those candidates.

Within this process is the opportunity for innovation and

job crafting throughout the organization. A candidate may decide they won't be happy in an executive role but can take on additional responsibility in a different way. Redefining job roles to capitalize on what employees do well can free up resources and distribute work tasks more effectively. By allowing for the personalization of career development, emerging leaders will be better able to envision their future within the organization.

Committing the time, effort, and resources toward training and development demonstrates that the organization cares about employee career growth, which drives engagement and loyalty. This approach will ultimately result in a thriving pool of talent trained specifically for the organization's future leadership roles.



Chapter Six: Communication, Culture, and Committment

The previous chapters have detailed the steps to create an effective succession planning strategy. However, no approach to succession can be successful without the three C's: Communication, Culture and Consistency. When leaders of an organization try to implement a long-term strategy without focusing on these three things, it just doesn't work.

Communication

Ongoing communication about the organization's strategy will be integral to creating a culture that supports the succession plan and lays the foundation for consistently implementing it. Remember, the goal is to embed a continuous succession strategy throughout the organization by choosing a succession planning approach, creating a skills-based organizational chart, identifying talent and potential on the team, and nurturing a pool of talented emerging leaders through leadership training and development. For any of those steps to be successful, the entire organization should be aware of the strategy. After all, how can employees contribute to an organization's plan for the future if they are not aware of it?

Communication is especially important during a leadership



transition. Employees want to know how and why decisions are made. Be transparent about changes in leadership, including timelines and challenges they may face throughout the transition. When there is a void of information, it will most often be filled with rumors and assumptions, which can cause employees to lose confidence in the organization. Communication is more than sending an email; it should be a two-way flow of information and feedback.

Communication will also be essential for leadership development and training programs. Despite great intentions for developing employees, opportunities often fall by the wayside because employees are unaware of them. Employees should be consistently made aware of development opportunities, possibilities for advancement, and how their performance affects consideration for those opportunities. To embed these strategies throughout the organization, leaders must talk about them, promote them and ask for feedback and input to continuously improve them.

Culture

Organizational culture is a buzzword that is often misunderstood. However, creating a culture that supports the succession plan is essential to success. A great corporate culture supports and engages employees, attracts top talent, and drives accountability for results. It is not about ping pong tables in the break room or casual Fridays. It is about a leadership team that demonstrates the values and mission of the organization by making decisions that create a great work environment.

The great news is that many things required to create a succession plan will also support a great work culture. Getting to know employees, investing in their career development, and communicating honestly and transparently will also improve employee engagement.

Commitment

A lack of follow-through will kill a long-term succession strategy faster than anything else. Continuous commitment from leadership is essential throughout the process. Attracting, retaining and developing future leaders will take time, effort and resources. This long-term approach to succession planning is an ongoing process that will evolve and grow over time.

It's also important to emphasize that leaders must deliver on their promises. If a manager commits to mentoring a team member and doesn't make it a priority, it will send a negative message to employees. From the CEO to the front line, a consistent effort to support the succession plan and ensure it is implemented throughout the organization is essential.

The executive team should schedule regular check-ins to

evaluate progress along the way. Have managers identified potential successors? Are employees engaged in leadership development and training? Have any significant changes happened that will impact the succession plan? To ensure a succession strategy stays relevant over time, commit to revisiting the organizational chart to make adjustments for employee turnover, fluctuations in the industry, and any other needs for course correction.



Conclusion

Leaders must expect the unexpected. Even if senior leaders are years from retirement, life can take them in a different direction at any time. A board of directors can oust a CEO due to a conflict; someone can fall ill; candidates can be recruited away to another company. A long-term succession strategy is key to creating contingency plans for these situations to create an organization built to last.

Whichever approach your organization chooses, creating a succession plan is an urgent priority in today's uncertain economic environment. However, it can also be a powerful tool for growth. When viewed as a long-term approach to attracting, retaining and developing future leaders, succession planning will drive employee engagement, improve productivity and encourage innovation.

We hope this book has inspired you to take a fresh look at succession planning! At Crestcom, we believe in developing managers into the leaders of the future. If you want more information about our approach to leadership development, please visit Crestcom.com to find out more!

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About Crestcom International

Crestcom International specialized in developing managers into leaders...
and we're different.

Crestcom is a trusted leadership training partner for firms ranging from small and medium-sized businesses to Fortune 500 enterprises. Over the last 30 years, our accredited and award-winning leadership development programs have impacted more than 1 million executives in over 60 countries worldwide.

We've leveraged a proprietary training process that emphasizes measured development, effective implementation and ultimate accountability to create consistent and sustained behavior change. Our subject matter experts and live facilitated classes help participants develop lifelong skills that yield long-term results.

It's why Crestcom has been and will continue to be the top choice for transforming managers into leaders.

