

NYBA

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Succession Planning – Building Leaders in a Down Market

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Why Succession Planning & Leadership Development Falls by the Wayside

- Banks have so many other challenges (excuses?) today!

➤ Competitive business environment

➤ Financial pressures
(earnings , expenses, credit quality)

➤ Regulatory supervision more intense

➤ Shareholder scrutiny

➤ Government intervention
(TARP banks and likely all banks)

➤ Need to keep focused on our business plan and
strategic vision

➤ We have a strong team today

■ All The More Reason to Ensure Strong Leadership!

➤ Competitive business environment	➤ Your leaders significantly influence your ability to compete
➤ Financial pressures (earnings, expenses, credit quality)	➤ Losing key people results in lost revenues, customers, productivity ➤ Fumbled replacements cost \$\$
➤ Regulatory supervision more intense	➤ Regulators require succession plans
➤ Shareholder scrutiny	➤ Ineffective CEO succession can result in lost shareholder value
➤ Government intervention (TARP banks and likely all banks)	➤ Attracting and retaining talent in TARP banks just got harder
➤ Need to keep focused on our business plan and strategic vision	➤ A strong leadership team is key to executing the strategic plan
➤ We have a strong team today	➤ What if you lose a key member of senior leadership unexpectedly? Are you prepared?

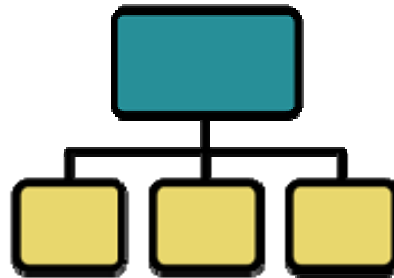
Without Proper Succession Planning & Leadership Development....

Consider the possible impact of an unexpected, immediate loss of one of your key members of leadership team.....

- ✓ Loss of continuity of business
- ✓ Lost productivity
- ✓ Potential loss of customers/business
- ✓ Time/expense to find replacement
- ✓ Negative impact on revenue
- ✓ Reduced employee morale
- ✓ Possible band aid replacement results in longer-term issues
- ✓ Shareholder concerns and potentially lower stock price (if CEO or key senior leader)
- ✓ Possible acquisition target (if CEO with no replacement)

■ Succession Planning and Leadership Development

- **Succession Planning is knowing what skills/positions you need and who might best fill those needs in the event of an opening (unexpected and planned)**



- **Leadership Development and Talent Management is the process of growing a pool of candidates from which to select for future opportunities.**
 - It's about creating opportunities for employees to gain new skills and prepare for future growth opportunities within the Bank
 - It's the ongoing, day- to-day process of growing your leadership bench strength and talent pool
- **You Need Both**

■ Reasons To Start Today

Potential Immediate Needs:

- Unexpected loss (termination, retirement, illness, death, disability)

Long-Term Planning:

- Demographic Shifts
- Baby Boomer Retirements
- Strategic Plans May Require Different Leadership Skill Sets
- Limited Bench Strength
- Training and Development – Takes Years
- Industry Challenges/Evolution

Protect Your Bank

- Leaders are key to achieving your strategic goals
- Your future success depends on a strong leadership team
- Building a future team takes time
- Are you prepared for an emergency?
- Are you building a team to ensure your bank's future success?

A Succession/Leadership Development Process

