

LaSalle Network Whitepaper Series 2011

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# **LEADING A LEGACY**

AN INTRODUCTION TO  
CORPORATE GRANDPARENTING



Succession planning is an important aspect of people management that companies often overlook – even major ones. In 2007, Merrill Lynch ousted CEO Stan O’Neal and Charles Price was removed from his reign as CEO at Citigroup. When companies fail to create a good succession plan and are taken off guard by the departure of a top player in their organization, they scramble to find a quick replacement and often suffer financially. This often leads them to make a poor hiring decision and back to square one.

So how do you protect against these defective and often costly hiring decisions? You create a strong succession plan that continually prepares employees to become leaders and builds a wealth of qualified internal candidates by integrating “corporate grandparenting.”

The notion of corporate grandparenting plays into a strong succession plan, as it helps insure a company will continue to grow even when a vital team member goes his or her own way. Companies have succession plans for the same reason theatre groups have understudies and basketball teams have B teams: to ensure that the next generation is fit to take the reins when the time comes. Corporate grandparents share the same role as the understudy’s teacher and the B team coach; they help prepare employees for something greater.

Corporate grandparents provide perspective, guidance and reinforcement – they serve a similar purpose as real grandparents. They transfer wisdom and skills learned from experience and create relationships built on respect. By developing talent and creating loyalty, corporate grandparents help insure a company will continue to grow even when there’s an unexpected loss of talent.

### **What is Corporate Grandparenting?**

The notion of corporate grandparenting is the theory and practice of managers and supervisors assuming a grandparent role within the workplace. Corporate grandparents help guide not only their direct reports, but the layer of staff below their direct reports. So if the chief executive officer’s direct report is the vice president, and the vice president’s direct report is the managing director, the chief executive officer is the corporate grandparent of the managing director. As a corporate grandparent, the chief executive officer would have a different type of relationship with the managing director than the vice president.

Just as parents and grandparents raise their children to share their values, culture, and views, corporate “parents” and “grandparents” groom their successors to share the company’s values, culture, and views. Corporate “parents” train their reports on dealing with day-to-day deliverables while guiding them to incorporate certain company values into their work. Yet, it’s the corporate “grandparents” that go beyond the nitty-gritty details of corporate daily life to help employees gain a broader view of the company and prepare them for a larger role within it.

Corporate grandparents carry the responsibility of passing on the values they want in future leadership and development. They are able to transfer wisdom to an internal candidate pool and develop talent across departments and levels. This training and mentorship give employees the exposure needed to grow their careers and improve the company as a whole.

### **Creating a Competitive Advantage Through Talent**

The advantages of corporate grandparenting go beyond succession planning. By reaching out past their direct reports, executives are able to assume a unique mentorship role that helps build retention, increase bench strength, and plan for future success. By training and nurturing up-and-coming talent within the company, executives develop a solid foundation for progressing future business growth and create a competitive advantage through intelligent and well-trained talent. Strong internal talent creates a considerable competitive advantage because customers deal with more competent, intelligent contacts and are more likely to have a better experience. Corporate grandparenting not only helps develop this talent, but helps retain it as well.

One of the most powerful tools in employee retention is providing employees with the opportunity for career advancement. Employees value inclusion, which corporate grandparents provide by engaging them in strategic discussions, frequent feedback, and sharing a broad vision of the company. By gaining multiple insights and perspectives about the company, employees can envision a path of longevity and success within the organization. In addition, the unique mentorship that comes from corporate grandparents affords employees the opportunity, ability and motivation to advance.

When employees do advance, they are prepared for their new roles because of corporate grandparenting, which enables top executives to start training and grooming internal candidates early in their careers for positions they may hold in the future. So, when the time comes to find a replacement for a key player, executives have a pool of competent candidates readily available at any given time that can smoothly transition into a new role.

Nurturing and developing future leaders early on also allows executives to mold successors into the type of leader best-suited for the company’s future needs. Organizations can create the leaders that share the same strategic wisdom of their predecessors, while maintaining a stronger body of talent propelling the company.

### **Hiring For Future Need**

A good succession plan is proactive rather than reactive, and companies must continually be thinking strategically about talent. In order to prepare for the future, organizations need to hire talent today based on the future needs of the company. Corporate grandparenting provides companies with the strategic knowledge needed to select talent for future needs.

When companies implement corporate grandparenting, they add a tactical, proactive approach to grooming and selecting successors that allows executives to hire the right people for the direction the company needs to move. Corporate grandparenting enables executives to assume the role of

soothsayer by providing insight from multiple perspectives within the company. This allows them to better gauge the future needs of the company and make a hiring decision that reflects those impending needs.

The result of the lengthy succession planning story at GE prior to Jack Welch's retirement illustrates the importance of choosing a successor based on future needs. Welch narrowed his pool of potential successors to three candidates: Jeff Immelt, James McNerney, and Robert Nardelli. These candidates stood on near-equal ground: each had experience in high level positions within multi-million dollar companies, global experience, and number of reports. With so many similarities, each candidate's standout trait was his area of expertise.

Throughout Welch's tenure as CEO, he worked to streamline processes, boost productivity, and eradicate inefficiency. He ran GE like an operations sensei, and by the time his reign neared an end, GE ran like a well-oiled machine. With GE running as smoothly as possible, Welch needed a successor that would take the company to the next level.

GE determined the next level lay in sales and marketing, which would require the new CEO to have a very different skill set from the previous one's. Immelt's expertise in sales and marketing designated him as a candidate who could bring a unique branding perspective to the leadership role, and eventually, Immelt was appointed CEO of GE.

Immelt transformed Welch's process-driven GE into a GE steeped in creativity and growth. GE selected the hire who would meet their vision for the future, and in doing so, their profits have more than doubled within the last six years.

### **Implementing Corporate Grandparenting**

Implementing corporate grandparenting requires an immense amount of communication. It's about building relationships, networking, and strategizing, none of which can be accomplished without colloquy. The best ways to inject communication into a succession plan are to maintain transparent dialogue, engage in regular conversation, and evaluate employee performance.

Continual communication between managers and direct reports is essential to a successful corporate grandparenting campaign. The concept of corporate grandparenting relies on dialogue between supervisors and reports so higher-ups know which individuals are top performers and where each individual excels and needs guidance. Corporate parents and grandparents must understand corporate children's expertise, work ethic, and cultural fit in order to perpetually think strategically about talent progression.

The pyramid of communication starts at the top. Without the CEO's buy in, corporate grandparenting will fall short, as will the succession plan. The company's CEO has the greatest understanding of the company as whole, and understands the organization's vision and the people needed to fulfill it. A corporate grandparenting campaign led by an unconvinced CEO is bound to crumble, leaving many employees in the dust.

CEOs that understand the benefit of corporate grandparenting can facilitate an implementation process that assumes a trickle-down effect. As top executives become more engaged with their corporate grandchildren by including them in meetings, special projects, and outings, the mentorship will be mimicked by each management level within the corporation. Thus, company-wide communication will be more transparent and supervisors will have the insight needed to create a strategic succession plan.

However, transparent communication alone won't secure a strong succession plan. Evaluations

are key in determining the skill and competency of talent, thus where they fall in a strategic plan. Employees should be evaluated formally and informally through performance assessments and results. Evaluations play a large part in understanding candidates' potential for advancement, identifying training needs and validating hiring practices. Managers need to maintain open dialogue with their superiors about employees' performances and work ethics, which will strengthen management's talent comprehension and ability to plan for talent movement.

### Summary

Every company needs a strong succession plan to protect themselves against the unexpected loss of talent, at both the executive and entry levels. Corporate grandparenting helps create a wealth of qualified, competitive and prepared internal candidates who can readily step up to assume a new position within the company and succeed within it. By developing talent and trust, corporate grandparents help insure their companies' growth even after an unexpected loss of talent and create a competitive advantage through resolution-oriented talent who improve the customer experience.

Assuming a corporate grandparent role allows top executives to start grooming internal talent to become the leaders of tomorrow. The notion of corporate grandparenting provides company leaders with a broad, and deeper view of the organization and individuals' roles within it. This comprehensive perspective allows management to note key influencers within the organization and better gauge the company's upcoming needs. By having an early experience with future successors, executives can begin to mold them into the type of leaders who will best suit the future needs of the company and carry it into phase of growth.

Implementing corporate grandparenting requires assent from the top of the organizational chart and ample dialogue among varying levels of the organization. In order to understand the development of corporate grandchildren, corporate grandparents must maintain open communication with their direct reports and engage their corporate grandchildren on a regular basis. As top executives become more engaged with their corporate grandchildren, the mentorship role is mimicked throughout the organization. Along with transparent communication and evaluations, corporate grandparenting can secure a strategic succession plan and the future success of a company.

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