

# Building Your Bench

## Strategies for developing future leaders *By Mark Olshaker*

What constitutes effective leadership and how to improve it is a constant source of discussion and reflection throughout American industry in both the profit and nonprofit sectors. The affordable housing area is no exception. What hasn't had a commensurate focus is the question of where new leadership will come from and how to develop it, as succession and continuity issues and the inability to retain good employees have plagued numerous organizations.

This was the topic of a forum on "Successful Strategies for Future Leadership" at the NH&RA Summer Institute in Quebec this past July. Board of directors member Sharon Dworkin Bell was the moderator.



Sharon Dworkin Bell

### "What Do We Do Now?"



Geoffrey Brown

Geoffrey C. Brown, president and CEO of USA Properties Fund of Roseville, CA, faced a difficult situation when three of the firm's partners retired within a 12-month period. "We hired Christenson Advisors out of Chicago, who were recommended to us by the National Multifamily Housing Council, and they've been wonderful," he said. "We created an emergency succession plan called 'Hit by the Bus,' he related. "You don't want to walk in one day and say, 'Well, what do we do now?'" In addition, the consultants identified future leaders within the company, helped formulate compensation benchmarks and completed searches for the head of USA's property management company and a new chief financial officer in time to shadow the retiring CFO for a month. And since USA was also getting into the market-rate sphere, the new hires added a "new dimension" Brown was looking for.

Going forward, Brown hopes to fill as many top positions as possible from within, and so is coming up with a more formal way of preparing people to fill them. Interestingly, he has found that "money, believe it or not,

is not on the top of the list" as a motivator. Working for a company with a social purpose and learning and being challenged in one's position rank higher.

On the other end of the scale, "I'm a big proponent of college internship programs," Brown declares. "It's a win-win." The company's head estimator in the construction department started out as an intern 12 years ago and Brown currently has his eye on a social media intern in the marketing department "who could become a full-time employee."

### The Challenged and Challenging Segment

Then there are efforts aimed at individuals not conditioned for leadership or success. David M. Abromowitz went from a partnership at the prestigious Goulston & Storrs law firm—he remains Of Counsel—to become chief public policy officer of YouthBuild USA, which oversees 250 local programs in 45 states that provide opportunities for low-income young people to receive on-the-job construction training building affordable housing and other projects, and classroom instruction while fulfilling requirements for high school diplomas or GEDs. Through a variety of financial, social and legal metrics, the YouthBuild has been an impressive success and Abromowitz only laments that current funding allows most programs to accept only about one in four applicants.

"Imagine you are 16- to 24-years-old, you did not finish high school for whatever reason—dropped out, kicked out, suspended, incarcerated, found that the gang was a better option for you—and you have not found your way into regular, lawful employment. And at some point you realize you want to change the trajectory of your life. Where would you turn to restart your life? YouthBuild has become one of the few organizations around that works with that population, which people have called over time 'at-risk' or 'disconnected.' We call them 'opportunity youth'."



David Abromowitz

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Abromowitz noted that this was a population recognizable in virtually all affordable housing developments and said the intention was “not to turn every low-income young person into a construction worker, despite the need and demand for skilled labor. But we found over the years that tangible work, applying the math that you learn in the classroom to a construction site – learning to be on time, learning to follow instructions, learning to use equipment – all those things carry over in and of themselves a way to teach a belief in yourself, self-reliance and, ultimately, leadership qualities.”

Since YouthBuild programs can’t accept everyone, Abromowitz says the local sponsors have to evaluate who is most ready to benefit from being enrolled. He talked about qualities, such as mental toughness, showing up on time and willingness to get out of one’s comfort zone.

“Over and over again, YouthBuild graduates will tell you that the service component was what changed their lives. And the message they get from adults is, ‘Forget everyone telling you you’re a loser up to this point. Here, you’re a leader!’ At first they don’t believe it. But then they’ll tell you, ‘Because those adults treated me with respect, caring and love, even, I had to change my attitude about myself.’ People become leaders because you treat them like leaders.”

One of the most telling metrics is that recidivism among this “at-risk” group drops to an astoundingly low seven percent.

### What Makes a Good Leader?

Sharon Bell asked what goes into a successful leadership development program and how does a good leader instill those qualities in others. Stan Hannah, a psychologist and principal at the Plante Moran accounting and consulting firm, said it starts from top executives buying into the idea of a program. Hannah enumerated what that meant:



Stan Hannah

Do they want to instill their attitudes and values in others?

Are senior executives visible and accessible to those going through leadership development programs?

Do they share their own experiences and are they transparent about their own troubles?

Do they search for people within the organization who can serve as catalysts for positive change?

Do they let subordinates express their own voices?

Are they willing to reach down far enough in the organization so that it affects the collective culture?

Hannah worked with Cinnaire, the community development financing organization, to create its leadership development program. Stephanie Stoll is an underwriter there and currently in the program.



Stephanie Stoll

“Being identified as a future leader excites me about working for Cinnaire,” she said. As a specific, she cited the regular CEO lunches, in which president and CEO Mark S. McDaniel takes a group of young leaders to lunch and poses questions that are important topics he’s currently working on, with actual impact on the company. “We help him answer those questions and there’s a two-way dialogue going on. It’s really great exposure. And out of these lunches, there have been direct changes.”

She added that regular performance coaching allowed each person to work toward his or her own leadership goals – including, Stoll noted, such things as speaking at this conference.

### Who Makes a Good Leadership Candidate?

This was the question Bell posed to Hannah. “Consistent, year-over-year performance,” was the first trait he mentioned. Then he listed “individuals who really live in the culture,” which, he explained, involved how they interact in groups and how they take on projects. He said his team maintains a close relationship with Human Resources in identifying candidates.

Once a candidate is selected, he or she goes through intensive testing that serves both as a self-awareness opportunity and helps leaders figure out how best to use the employees’ strengths and talents.

“I think having very good communications skills is very important,” Brown stated. “Like everyone else, we want to hire what we think are sharp people with passion. And we’re looking for people with, hopefully, some degree of character, because you either have it or you don’t; you really can’t teach that.” He also mentioned technology, “like it or not, has become such a big part of our business.”

And every company has a culture, so it's important that you bring in people who you think are going to fit in the framework and buy in to that culture."

In companies still run by their founders, Bell asked, what should those founders be looking for in the next generation of leaders. Are there different skill sets required to sustain the company as the next generation takes over?

Hannah said that the first question to ask is where they want the company to be going. "What's the strategy. What do you want to accomplish five years out, ten years out? That helps anchor what skills we need to look for. Then, we can step back and say, 'Based on the strategy, here's what we need.'"

### Wanting to Stay

Fairly or unfairly, the current "younger" generation is somewhat notorious for switching jobs frequently due to boredom, lack of challenge, feeling they are inadequately compensated or any number of other reasons.

"I think there are a couple of things that go into wanting to stay with a company or stay in the leadership program," Stoll commented. "Culture is very important. Financial incentive is another part of it: feeling like you have some stake in the company. Having a mentor, I think, is critical, somebody who is accessible and transparent and is really engaged in your growth in the company."

Though Abromowitz pointed out, "Just because you've made it to the senior ranks of the company doesn't mean you're a good person to mentor anybody!" He said a good company will make it clear to senior management that it is their job to bring along the next generation. He mentioned that in any large law firm you will see some partners with five or more associates clamoring to work for them and others have nobody.

To encourage long-term commitment, Brown has taken several steps with USA Properties Fund. "We try to be very transparent with all our employees. I think the younger people appreciate that. I think keeping people challenged is part of that. We also have on the financial end of the equation a bonus program and targets every year, and that's based on the company, their department and their individual performance."

Abromowitz believes similar types of incentives can work in reverse; in other words, showing the government

and other funders how much YouthBuild accomplishes, how the "multiplier effect" of each graduate affects many others, for instance, by bringing peers out of the gang life; how money is saved in social services and criminal justice; how affordable housing developments are helped; how many professional careers are started and how many people are encouraged to go into needed construction jobs. The program is completely scalable, he asserted, as are the resulting benefits.

"What we measure going out are high school diplomas or other certifications; we measure placement in jobs or higher education; recidivism reduction; reading and math level grade increases; spirit of public service instilled; YouthBuild graduates are much less likely to be on public benefits, much more likely to be taking care of their children. For every dollar the government invests, it's about a ten-dollar return.

"We're producing people ready to go into the workforce. We've got a great story to tell. We just need partners to help us tell it."

Of the illuminating discussion at the Summer Institute, Bell reflects, "Leadership development is an initiative that many companies in the industry are focused on. The most dynamic and successful leadership development programs are ones in which the company not only seeks to create opportunities for their employees but also encourages their employees to take the initiative and seek their own opportunities for growth.

And as for keeping them committed, Brown sums up, "We try to create an environment where there is opportunity to grow and constantly learn within the company and continue to be challenged, and then enjoy the culture and believe in what we're doing. I think that's the best way to address that." **TCA**

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