

Seeking the self-managing company

TrueNorth reveals CEO succession plan

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When TrueNorth Companies was created by a 2001 merger of three Corridor firms, the founders were ahead of their time – in more ways than one.

In the interest of building a legacy company, they decided on a fixed age when every owner had to cash in their shares: 62.

The first 16 years have mostly been great ones for the provider of insurance and risk management services. Revenues are up more than seven-fold, employment has nearly tripled to 300, and the number of shareowners has ballooned from six to 53 as TrueNorth has acquired other insurance firms around the Midwest.

Co-founder Duane Smith led the company through those years as president and CEO, and turns 62 in 2020.

"I thought, '62 is forever,'" recalled Mr. Smith, who was only 43 at the time the policy was created. "Now, it's only three years off."

The age policy for surrendering shares wasn't set in place to force early retirements. Rather, it was part of a plan to build a legacy company that will survive for generations by having a strong succession plan that includes financial preparation for ownership transitions.

Many insurance firms have experienced the financial shock of their owners working at the company literally until their dying day, Mr. Smith said. That gives most little choice but to sell when the late owner's estate is divided up, or when surviving spouses redeem the owner's shares.

This week TrueNorth announced its long-held succession plan, under which Mr. Smith will turn over his role as CEO in 2020 to succeed co-founder Loren Coppock as chair-

man. His son Jason, who was named president in February, will then take over as CEO, and another president will likely be named.

Jason is anything but a stranger to TrueNorth's employees and clients. He led the company's transportation division – its largest – over a 10-year period, during which its revenues tripled. The business has been in



Duane Smith



Jason Smith

his blood since about the age of 14, when he secured his learner's permit to drive, and his father, a car buff, let Jason drive him to his insurance appointments.

Sitting there listening to business owners talk about their risk concerns, "I found it interesting," he said.

In 2012, Jason was asked whether he wanted to prepare for a continued career in the important transportation division, which now generates 40 percent of TrueNorth's revenue, or a broader leadership role in the company. In the final analysis, Jason said he realized that he could have a greater impact in a more senior role, and that Trent Tillman was ready to take over the transportation division.

"I'm 40 years old, but I've been exposed to the industry for 26 years and I've been in the industry 22 years," Jason said. "I've studied leadership and teamwork for 20 years, but I have the ability to relate to the different generations."

As the first member of Generation X to lead the company, Jason hopes to serve as a bridge to the generational divide between baby boomers and millennials. As a leader, he hopes his style reflects that of his father.

"One of the things that makes him a phenomenal leader is that he's always coming at it from a perspective of respect and 'how do I help other people grow,'" Jason said.

Building a legacy company essentially creates dual roles for TrueNorth's CEO, according to Duane Smith.

"Being president of the present while focusing on the president of the future – these two focuses require entirely different skill-sets," Duane said, adding that the company's goal is to hand off a "owner's manual" to future leaders predicated 60 percent on mistakes made in the past.

TrueNorth instituted Lead Ahead, a two-year program for emerging leaders, in 2014. The program focuses on the heritage and operating systems of TrueNorth, while also helping participants develop individual and collective leadership tools to work more effectively together, Duane said.

The goal is to create a "self-managing company" where knowledge transfer plays a key role.

"I'd like to have him [Jason] at least 10 years of ahead of where I was at his age," Duane said.

Being the second member of the Smith family in line to lead TrueNorth Companies is a source of pride, rather than a weight for Jason. He said that friends over the years have occasionally asked, "What's it like to work for your dad?"

"I always tell them, 'I work *with* my dad and it's great,'" he said. "I've felt that way from the word go."

After relinquishing the CEO's post in 2020, Duane plans to remain active in the company in a non-leadership role, focusing on visioning, mentoring and other ways of contributing. CBJ