



CULTIVATING LEADERS FROM WITHIN



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INTRODUCTION

This ebook is based on a conference held in Burlington, Vermont during which CEOs affiliated with the [Vermont Employee Ownership Center](#) talked about leadership. Hosted by [Sarah Lipton of The Presence Point](#), the speakers included;

- Suzanne McDowell (Co-CEO, VP of Human Resources, King Arthur Flour)
- Mary Steiger, President, PT360
- Keith Flaherty, President and CEO, Hallam-ICS



Employee owners of King Arthur Flour (photo courtesy of King Arthur Flour)

A FRESH PERSPECTIVE ON LEADERSHIP

The notion of leadership has taken on new dimensions with the rise of employee-owned companies (EOCs), which has led to more democratic ideals, equality, and solidarity in the workplace. This business model and growing trend strengthen the resilience and productivity of business environments.

According to the [Harvard Business Review](#):

Currently, about 10% of Americans hold equity stakes in their workplaces. By providing more workers and employees with opportunities to buy shares, companies can help workers and communities raise their standard of living and simultaneously feel more invested – literally – in the success of the enterprise. In that way, worker buyouts also increase firms' competitiveness: Research suggests that employee-owned companies are more durable and resilient during economic downturns.

Given this change of dynamics in the workplace, the idea of *cultivating leaders* from within takes on a deeper meaning. The traditional hierarchical structure in businesses, dividing the workers from the business owners, is no longer at play. In an

The truth is, we already have everything we need. Within us, right this very moment, is everything we need to recognize what is real, to understand what path to take, as well as the ability to rouse unconditional confidence.

- Sarah Lipton

environment where everyone has a stake in the business, leaders can originate from any level within the company and advance based on merit rather than top-down decision-making.

The host of the VEOC event, Sarah Lipton, has long-term expertise and deep experience in leadership mentoring. Her perspective embraces the innate ability of individuals to flourish in leadership roles by recognizing and drawing on those resources that we all have access to when we are aware and present in the moment.

In an [article posted on LinkedIn, *Genuine Leadership*](#), Sarah said, “Connected to genuine presence through awareness of the body allows us to taste the world more directly and see much farther than we usually assume we can. Our capacity for experience is far greater than we *think* it is.”

“Presence,” she continued, “means something is arising and you are right there with it. It means not being so lost in your anger that you can’t feel the sadness underneath. You are right here with the sadness. It means stubbing your toe and being right here, feeling the pain. Being present means we can walk the [razor-edge quality of nowness](#).”

But, as the Buddhist saying goes: *After the ecstasy, the laundry*. The underlying emphasis on mindfulness is complemented in the discussion by pragmatic, real-world guidelines offered by three CEOs of successful Vermont companies that have taken positive, deliberate approaches to developing leaders within their organization.

The chapters that follow offer excerpts and ideas from the VEOC conference and highlight the important elements from both the presentations and the discussions that followed.



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KING ARTHUR FLOUR COMPANY

Founded in Boston in 1790, King Arthur is America's oldest flour company and has been in continuous operation for over 225 years.

The company is 100% employee-owned, focused on creating a workplace where people thrive, perform engaging work, and respect and trust one another.

As a certified B Corp, King Arthur embraces a business model that balances profit and purpose.



LEADERSHIP DEVELOPMENT AT KING ARTHUR FLOUR

Suzanne McDowell, one of three co-CEOs at King Arthur Flour, shared some of the leadership journeys that have taken place at the company during her tenure.

“Leadership development at King Arthur Flour has always been a focus and is continuously evolving,” Suzanne said. “We have 350 employees now, mostly based in White River Junction. We also have a group of people who work from home offices in Burlington and about 30 additional people who work remotely from around the country.”

King Arthur Flour is designated as a Benefit Corp in the State of Vermont and is certified by the non-profit [B Lab](#) as a business that makes a positive impact on people and the planet. King Arthur Flour also earned recognition as a [“2018 Best for the World”](#) organization by Certified B Corporation, one of twelve companies in Vermont so honored.

“I am a co-CEO,” Suzanne said, “because when long-term CEO Steve Voigt decided to retire from King Arthur Flour, the external Board of Directors agreed the best path forward was to implement the shared leadership structure after having

“Our work life should be meaningful, motivating, and rewarding, and that is what employee ownership has done for the King Arthur Flour Company and its employee-owners. I think employee ownership is the natural and obvious way to go in business!”
- Frank Sands

experienced the success of how Steve led the organization alongside his management team. We were always welcomed beside him, collaborating in key decision making and participating in the board meetings. He truly believed that outcomes are better when more people are thinking about the issues. We absolutely still have that model today, and encourage collaboration across all functions at King Arthur Flour.”

“When I joined the organization,” Suzanne continued, “as an HR generalist, I primarily supported the people working in our warehouse. There was a woman who was the fastest packer and we made her the leader, because our model at the time was to promote the person who is the most excellent at the job to become the leader. While it worked out well in this situation, I’m happy to say that over twenty years, our leadership philosophy has evolved.”

Suzanne doesn’t believe in the notion that *leadership is just about leading people*. Leadership also involves engaging individuals through conversations that highlight career, development, and teamwork. A tool that she has found useful is the [Catalytic Coaching system](#). “A key question,” Suzanne said, “is what do you aspire to be? We certainly want to get people tracking on a development path, and we want to make sure it is the right path for them personally as well as what’s best for the business.”

“We believe that 80 percent of our learning and development can happen on the job. If we are away from work too much, we are going to have a hard time achieving excellence in our job, which is critical to success. There is an opportunity to provide more on the job development to help our employees gain skills for current and future roles.”

As an ongoing development hub for employee and leadership training, the human resources group at King Arthur Flour created KAF University. This resource includes a guidebook centered around core competencies, recommended e-learning courses hosted by LinkedIn Learning, self-directed reading, and coaching materials.

The competency model created by King Arthur Flour includes a tier that is titled *Develop Self and Others*, which Suzanne believes is particularly relevant to the discussion of leadership. At an individual

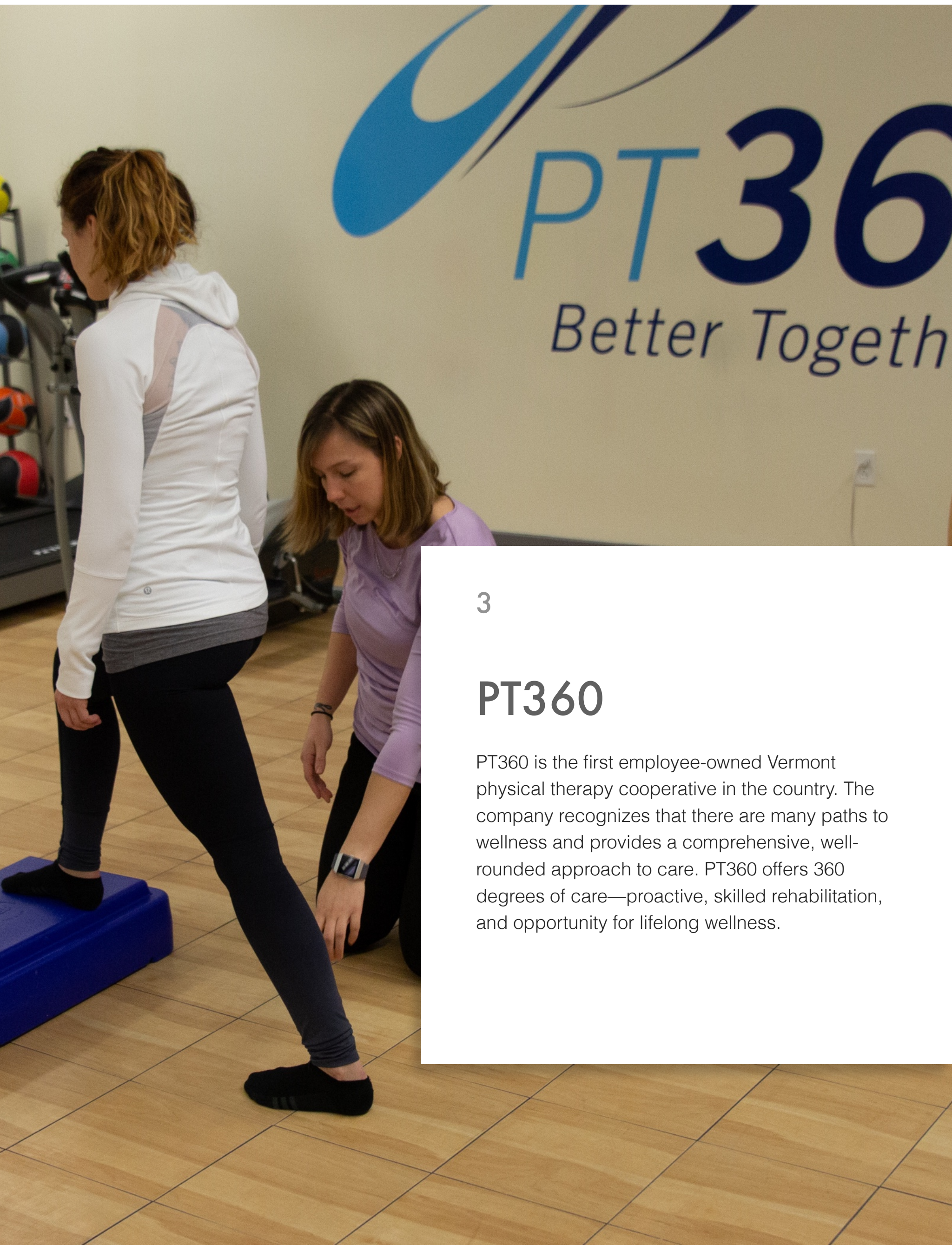
“As long as you as an organization are clear about what your goals are and clear about what your values are, you need to make certain that all of your training efforts are rolling up and out in support of those goals and values.”

- Suzanne McDowell

contributor level, the focus is on willingly taking on new responsibilities and challenges that enhance one’s own professional development, while being receptive to feedback. The manager of people shares this same willingness and should also be approachable, listening carefully to feedback and responding positively to it. The leader of a business unit goes further, being actively receptive to feedback as a means of enhancing individual, team, and company performance.

The ongoing leadership training program at the company includes sessions in the importance of effective leadership, leading colleagues who work remotely, leveraging your unique strengths and leadership qualities, and leadership nuts and bolts. Grounded in core values established during the company’s inception in the late 1700’s, today King Arthur Flour readily embraces modern leadership principles that have evolved and flourished around B Corporation ideals and have been manifested in the form of employee-owned companies.





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PT360

PT360 is the first employee-owned Vermont physical therapy cooperative in the country. The company recognizes that there are many paths to wellness and provides a comprehensive, well-rounded approach to care. PT360 offers 360 degrees of care—proactive, skilled rehabilitation, and opportunity for lifelong wellness.

PT360's founders include a legal team, consisting of Steve McGowen and Mark Scribner; a financial team of one, George Beato; and a supporting group of 12 members, families, and friends. During the early days, Mary Steiger, the company's president, provided the glue that held the founders together and helped to sharpen the goals and vision of PT360 throughout the subsequent dynamic period of growth.

The worker cooperative culture that defines the company aligns with key values: self-help, self-responsibility, democracy, equality, equity, and solidarity. Within this culture, leadership development is integral at every stage of human resources processes, from initial hires through leader succession.

"We start with the hiring process," Mary said. "We typically do three or four interviews for whichever job we are trying to fill to make sure that this is a person that we would like to join our ownership. We are looking for someone with a mindset of *'I want to be a co-owner of an organization, rather than a single proprietor.'* We also have our future employee familiarize themselves with all of our locations, as they all are very different. We ask that they speak to the employees and owners at our sites to ask questions that may help in making their decision to join us."

"Starting from the beginning," Mary continued "we want our new hires to consider the question, *'What is the difference when I walk in the door between an employee versus an owner?'* The employee is engaged from the start in all activities the cooperative is involved in, including knowing what our mission statement is and

being involved in our community service outreach."

The employee pathway, as Mary explains, has some differences in the way that an owner thinks and the way that an employee thinks. Rather than the notion of exchanging time for dollars, it is more about engaging in the process of becoming an owner and a leader.

"As part of our onboarding process, we engage the new employee in our 3-hour cooperative culture inservice," Mary said. "This consists of watching the film ['We the Owners'](#), which has garnered several documentary film awards and explores the course of three companies that have adopted an employee-owned business model and how this has enhanced morale and business operations."

"One theme from the movie," Mary said, "is that you have to *learn* how to lead. Here at PT360, we have a variety of job descriptions among our owners. We are physical therapists, athletic trainers, front desk administrators, billing specialists, and many others. Most have never managed another person or know much about HR policies. We then engage our employees in learning how to manage and lead."

An employee engagement track is the next part of the pathway at PT360. The system of governance is based on a committee structure. Some of the committees open to employees are the education committee, the social media, and the social/wellness committee.

"We allow our employees to become a member of one of more of those committees," Mary continued, "so that they are learning the business from within. We want their input. We



PT360 owners and employees gather.

want them to have a voice. In turn, we do some mentoring on our end. Not only mentoring for their job, but mentoring in a leadership role.”

“We have personal check-ins with our new employees at 3 months, 1 year, and 18 months asking the questions, *‘Are you comfortable being in a situation where you have a role in the leadership of another person’* and *‘Do you feel you need more knowledge in a certain area?’*”

“We try to stroke their professional passions. Some people are deeply rooted in a specialty, research, group fitness, education, or other parts of their job description. We also have them go out into the community, lead groups that we partner with and attend board meetings so that they can learn from other leaders. Then we have the ownership discussion to see whether they want to become an owner. When they do become an owner that is when the real hard work starts, with owner retreats, strategic planning,

and networking seminars. We bring in people from the outside to discuss the topics such as the ABCs of finance and hot HR topics. We want our owners to have the knowledge to guide the next employee who comes in who wants to become an owner.”

“We have a senior team development, and we also talk about succession planning. We feel like we need to start leading by example, but also enveloping our new employees right from the first time we receive their resume. We ask the question, *‘Where do you feel you need help as a future owner in a leadership role?’* Then we fill in the blanks from within.”

The system has worked well for PT360 for building leadership strength. Mary feels that every single person shown in the photograph could go out and lead an employee-owned cooperative on their own anywhere in the country. PT360 “Better Together.”



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HALLAM-ICS

Based in South Burlington, VT, Hallam-ICS designs and develops control systems, MEP (mechanical, electrical, and process) systems, and performs regulatory evaluations and safety assessments. Their company description states: “We are engineers, system integrators, and technicians, captivated by science and technology. Our passion is addressing the complexities of the technical world which makes it easy for us to be open to finding the best way to solve problems.”



EMERGING LEADERS

Keith Flaherty has led the Vermont office of Hallam-ICS as President and CEO since 2001. He traces his personal journey on the Hallam-ICS site: “During the fall of 1988 I was a senior at the University of Vermont studying Electrical Engineering. Companies were coming to campus to set up interviews with seniors and I interviewed with a range of large firms, including Hewlett Packard, International Paper, and Texas Instruments. I assumed that I would be moving to Boston or Colorado and would begin my career working for a large, multinational company. Then, something unexpected happened.”

His mother, a grade-school teacher at the time, met Dave Hallam, the company founder, at a parent teacher meeting. As she learned about Dave’s consulting engineering firm, she mentioned her son was about to graduate. A meeting was arranged, the chemistry was right between Keith and Dave, and Keith became part of the Hallam team.

At the start of his presentation on the VEOC conference, Keith noted, ‘It is not always planned out—who I think is going to emerge as a leader. And, it may not be on my timeframe. You put

“We engage in our communities and share our time, money and resources to support children and families in need. These have been our beliefs since 1981 (before Millennials were born!). We do this because our ‘work’ encompasses so much more than our designs and that belief is what is important to our employees, not just our Millennials.”
- Keith Flaherty

somebody into a position and perhaps that person never previously gave the signs that they were going to do what they had just done. But, at that time and place, that position, where they were in life, something clicked.”

Personal experiences with colleagues and clients, as well as peer groups that Keith has belonged to coalesced into a roundtable of nine companies similar to Hallam-ICS from around the country. “We get together four times a year at different locations,” Keith said. “We talk about best practices. Leadership development comes up all the time. Those are where the ideas came from.”

“Everybody in our company needs leadership skills,” Keith said. “Everybody needs financial skills. We have people out making decisions on the company’s behalf nearly every day. Project managers leading multi-million dollar projects. Engineers who are talking to clients about potential scope changes. People in HR deciding, should we add this benefit? Leadership happens everywhere.”

Keith explains the word *intentional* is one that is used a lot, especially in terms of leadership development. The board of directors specifies focus on Leadership Development, Knowledge Transfer, Organization Structure that will define positions in leadership that need to be filled.

“One of top engineers,” Keith said, “told me some 5 or 6 years ago that he was going to retire in a couple years. That bought us the time to go out and hire somebody to be his apprentice and train under him for two years. Jim and the apprentice really worked well together. After two years, Jim comes to me and he is shaking his head, saying, ‘I never should have told you I was going to retire. Because now that John is here, you don’t need me anymore.’ And I said, ‘Jim, you can work here as long as you want.’”

“Jim continued to do part time work for us until he was 70. The point is: he had the confidence to us and say, here is my plan. If he hadn’t done that, we might have lost that position in the marketplace that we still maintain today because we able to hire his replacement.”



Keith said that when he interviews a potential candidate, he is looking to see if they are a potential leader. Five traits in a candidate are deemed most important: determination, confidence with humility, optimism, honesty and transparency, and respectfulness.

Creating an Accountability Chart, as described in the book *Traction*, listed in the Resources section, has proven valuable in assessing roles, responsibilities, and competencies.

Above all, Keith notes, each organization should find out what processes and tools work best for them. For example, Hallam has found that having an employee serve a two-year term on the Board of Directors, beginning as an *employee representative*, has a good deal of value.

“We watched employees grow and blossom in that period of time. We have an 11-person board with two outside board members, but we also

have three employee reps on it, so one is an employee rep from ESOP. Their job is to become that conduit between the board and the employees. Then we have these two leadership development positions. They tell us what is happening behind those closed doors and it reinforces who we are and strengthens our decision-making process.”

“For those who are training your successors, you are giving them a gift that will help them either succeed or not succeed. If you think of it that way—if you think of it as I’m giving something to somebody to allow them and the company to succeed—it frames it a little bit differently for you.”



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SUMMARY

When a company decides to cultivate its leaders from within, the entire culture of the company has the opportunity to thrive. It doesn't necessarily mean that overnight everyone is *happy* to be at work. But it does mean that the leaders who are now feeling empowered, witnessed, supported and resourced are going to spend a lot of their time focusing on how to support and empower the employees working hard to bring forward their mission.



Sarah Lipton (left), (left to right) Suzanne McDowell, Mary Steiger, Keith Flaherty

LEADERSHIP TAKEAWAYS

There are many tools available to support the leadership journey, from consultants who have tips, tricks, and techniques, to books and videos that can teach simple leadership tools. When the company makes the cultural decision to grow with inclusion and equity, then each and every one of the employees and leaders begin to operate from integrity. When this occurs, the whole company culture benefits and the community that is impacted by the company flourishes.

Each of the companies involved in this presentation has its own way of nurturing leadership qualities within their ranks in line with prevailing mission ideals.

The cornerstones that form the foundations of effective leadership development, include:

- Honesty and transparency
- Fairness and equality
- Social and personal responsibility
- Kindness and empathy

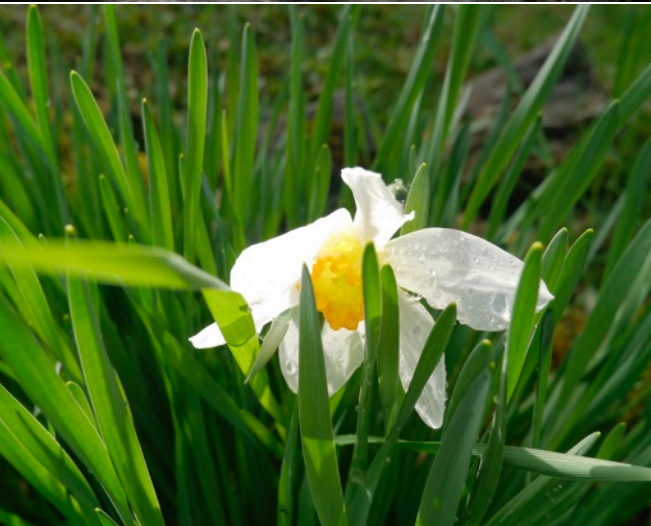
In her leadership consulting work, Sarah Lipton often brings out the idea that the core of achieving effective leadership is learning how to express genuineness.

“Genuineness,” Sarah said, “is based on being in this very moment. This presence allows us to show up exactly as who we are right now—in this body, in this environment. But it is a path. We work to keep showing up and be who we are in relationship to others versus trying to be perfect or trying to be *really fantastic* based on someone else’s idea of what fantastic is. We simply need to be who we are.”

“Genuine leadership is quite different from leadership based on materialistic conditions. This quality of leadership often looks shiny and attractive because there’s a display of confidence and poise and good clothing. No doubt there’s some genuineness there, but being based on conditional confidence is extremely limiting.”

**“When a leader is existing, operating, expressing, communicating, and acting from this place of genuine presence, now that’s interesting.”
- Sarah Lipton**





“Leadership based on genuine presence,” she continued, “is effective: responsible instead of reactive, fluid instead of rigid, available in the midst of chaos instead of fighting with it. Genuine presence makes room for others to be who they are.”



[The Presence Point](#)

Engaging, Motivating, and Empowering Your Leaders



[Genuine, Inc](#)

Empowering and Connecting Women in Transition



RESOURCES

BOOKS

[*Traction*](#) by Gino Wickman

[*Talent Wins*](#) by Dominic Barton and Ram Charan

[*Ruling Your World*](#) by Sakyong Mipham

[*The Five Wisdom Energies*](#) by Irini Rockwell

[*Start with Why*](#) by Simon Sinek

ORGANIZATIONS

[Vermont Employee Ownership Center](#)

[Vermont Businesses for Social Responsibility](#)

[Certified B Corporation](#)

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“I would guess that the traditional leadership policies you’re trying to change come from the fact that people are so afraid of paradox, so afraid of uncertainty. It takes a lot of bravery even to consider that uncertainty is not a threat, that in fact it’s creative and powerful.

I spend a lot of time in my own teaching proclaiming that truth, and it makes me realize again and again how it comes back to the individual journey of mindfulness. It requires being able to look bravely at yourself without running away from what you see, because resting with the ugliness, the chaos and the confusion in yourself is the path to happiness and creativity and flexibility.”

- Pema Chödrön,
American Tibetan Buddhist and Teacher