

NPS Interview Transcript

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Client: Greg Aarssen, TriSummit Utilities Inc.

Project: ES

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FULL TRANSCRIPT

Interviewer 0:01

Yes, just to encourage a more open and honest conversation. So hopefully that's okay with you. So if we jump straight in, it would be great just to understand your role and the relationship that you've had with Korn Ferry to date, certainly.

Speaker 1 0:18

So I am a member a director with tri summit utilities, which is a Canadian based utility holding company, and I also chair our compensation and governance committees. And this is a business that spun out of Alta gas Canada, or Alta gas, I should say it was then it became Alta gas Canada, and I was one of the original board members there. So I've been with this since its inception. Okay, fantastic. And prior to that, I was actually, I was the president of the company. So I actually a number of these assets. I was involved in acquiring or building

Interviewer 0:57

brilliant and then in terms of your relationship with Korn Ferry. What's, what's been the recent projects that you've worked with them on?

Speaker 1 1:04

So this is it. This was my first exposure to Korn Ferry. I had, I had familiarity with a Korn Ferry just because some of the people that had reported to me in the past had used Korn Ferry for various searches. And I know that when, when we were getting ready to build a fairly large project in Western Canada, we use Korn Ferry to find a project manager for us at that time, who then became our president, CEO, in fact. So that's my exposure. It's just been very recent, within the last four or five months,

Interviewer 1:43

what was it that made you choose them on this project then?

Speaker 1 1:46

So we needed our CEO resigned, took a new job, was moving out of the province of the business and Korn Ferry had a history with a number of people in our business. So I mentioned that we came we're a subset of assets that came out of Alta gas. There is, there's a long standing relationship between Korn Ferry and Alta gas. So our chair is the former founder of Alta gas. I'm an Alta gas person. A number of our senior managers and vice presidents are all the guest people. So they knew our business, they knew the nuts and bolts of our business, and they also understood the culture that we had. So those were important things. So when we sat and looked at it, said, Gosh, who can we get to help us to embark on a search and to also evaluate a couple of internal people. There were three firms that we considered very quickly, I made the pitch that we simply

stay with Korn Ferry or retain Korn Ferry, and our committee agreed to that. So we've been moving forward since,

Interviewer 3:04

what was it that was important to you in that selection out of those three, what were the things that you were looking at

Speaker 1 3:11

so understanding of our business, specifically the cultural element of our business, and understanding of what it takes for people to be successful within that environment, and understanding of the breadth of who was out there in the marketplace, available or potentially available to us, and then someone that was able to move very nimbly and quickly, we had a short fuse On this many of the others had told us it was going to be a four or five month replacement process. Korn Ferry said that would be four months at the beginning, perhaps three months. And with some encouragement and some assistance, we got it done in two. Oh, wow.

Interviewer 3:57

Okay, fantastic. Yeah, yeah. And in that too, did you find that you had, did they meet your expectations in terms of providing you quality and quantity of candidates?

Speaker 1 4:10

So it was a little different in that we had a candidate inside of the organization that we had identified through our succession planning that would be the logical person for an internal candidate. And so it was testing that person to ensure that there were no blind spots that there were there was nothing in his background that we did not understand fully, and that, in fact, he had the skills and the ability to do the job. So that was one path that we were going down in a parallel path we were we asked Korn Ferry to go out to the market to see who was available to us in what we'll we'll call a desktop or a market survey process. And they did that. I. Um, and I would say that they did it ably. It's it's a different, difficult time right now in our industry that there's been some consolidation. So there's not a lot of people that are in roles where they've been there for a while, that are unhappy or looking for another opportunity. They did a great a really good job of going out and ferrying some interesting people, not only within our industry, but if you consider concentric circles, going out and broadening it. So ours is the utility business that maybe look at the natural gas and oil business, and then maybe look at energy and then look at the broader did a very good job of expanding and including some interesting people that would have had similar skills to what we were looking for in our CEO. And so that was helpful. It was helpful in a couple of ways. Interviewer in one of the things it did was it helped us to continue to focus back in on our lead candidate, to say we're holding this person up as the, as the as the most likely candidate we're testing against that person's skills and abilities. So it was very well done. The other that I should let you ask the questions, no, no. Carry on. Carry on. I was just gonna say. The other thing that really impressed me was Korn Ferry's willingness to get the job done. And what I mean by that is everybody has busy schedules. And we were dealing with two individuals, one in Calgary, Brad Jardine and one in Minnesota, Craig King. Craig was doing the psychometric and the testing on our lead candidate

internally, Brad was looking at the external search, but also assisting on evaluating this person in Calgary. And both men very busy. Both men certainly made their schedules available, and we were always able to find time. Some of that was later in the day, some of it was early evening, some of it was very early in the morning. I was grateful for that approach to simply looking for ways to get it done. Great.

Interviewer 7:15

Was it the internal candidate that got the role in the end, or was it an external one?

Speaker 1 7:20

No, it was the internal candidate, Interviewer, who, at the end of the day, everyone thought that that's who would be. Who gets a copy of this report.

Interviewer 7:32

The team do, but we, if there's something you don't want to say, just let me know and we'll take it out.

Speaker 1 7:37

No, it's fine. So it does not go back to the it wouldn't go back to our management,

Interviewer 7:44

yeah, just to Korn Ferry.

Speaker 1 7:46

So when we spun the assets out of all the gas, it was public company, and then we, our major shareholder didn't want to own it anymore, so put the company up, and it was sold. It was taken private to pension funds. To pension funds. One 80% one 20% the 80% pension fund has a problem in recognizing significant pay for executives, especially when that exceeds their own and so they there was always a bit of a tug of war with regard to, gosh, is this person really worth this? Even though the majority of the salary and compensation for that person is recoverable in our rate base through through our utility operations. But there was a psychological thing there. And one of the things I learned a few years ago with them is I can talk until I'm blue in the face and tell them the black is black and white is white. But if you as a as an expert, or as an outside, paid third party comes in and says, black is black and white is white, it's gospel. And so I learned early on that we needed to bring somebody in to be able to identify some of these things. So along with Korn Ferry, and this is an ancillary operation, that we had to go to a third party again for, we needed to get justification on the compensation level for this person, and while that is, as the Korn Ferry does, some of that, they were now a bit of a conflicted party. So we ended up having to go to a business called Meridian consulting. You may be familiar with them, and meridian was able to undertake a compensation review and actually identify that we were 11% below market, and that's why our CEO left.

Interviewer 9:46

So you weren't able to use the Korn, Korn Ferry benchmarking, pay benchmarking frameworks. We didn't. Did you use their assessment tools, especially to compare the Internal candidate with external ones

Speaker 1 10:02

100% so their their assessment tools were used exclusively with the internal candidate, and exclusively and extensively they ran some significant, a significant battery of tests for our internal candidate. When the report came back Interviewer, we felt very confident that we had the right person, so we did not need to go out and do that testing with these external candidates.

Interviewer 10:35

Great in terms of your experience with the team, the Korn Ferry team, in terms of just, I mean, you said they were responsive out of hours. How did they manage all the different stakeholders? Did you find it easy to deal with them? Did you feel up to date with the progress?

Speaker 1 10:55

So it was, I never felt in the dark. I had that they were very responsive to email questions. They were very proactive in letting me know where things were when, and this is even me as a pivot person when they were out dealing with external people or with their potential next candidate. They did a very good job of keeping me abreast, one of the other things that is interesting is I'm an old dog, Interviewer, almost 70 years old here, and my communication style is probably different from most young people today, and both gentlemen that I dealt with from Korn Ferry and their assistance, and I'll include them, because there were some very able admin people and and so support people. They were all very good in understanding that, for me, it was good to get the facts in a sincere manner without a whole lot of dressing on them, and our communication back and forth was open, honest to the point, and that is to My experience in the last 15 years, that's a rarity. Brad Jardine, especially, I had never spoken with him prior to this. I had heard about Brad just through things that others in the organization had, other experiences they had had with him, and I can tell you that within the first 15 minutes of my conversation with Brad, I felt like he and I had worked together for a very long time, relaxed, open, honest to the point Craig King is the very same. So would I ever use these people again? I can't imagine not using them again. It would have to be a decision by somebody that if it was my decision, that's where we would be. If it was somebody else that did not require my, my input on it, then perhaps they would use someone. I would try to influence that. But I've had such a wonderful experience that that I would do that again. I think that there's probably a suite of services that that Korn Ferry may use, and I'm going to meet with going to meet with Brad next week in Calgary to talk a little bit about this. But there's some services that, some things on the succession planning front that we do not do well as an organization right now. We Interviewer. We had a beautiful matrix put together, and we had names in all the boxes, but we had no idea if those people had the ability to do those jobs. Do you know what I mean? Do you understand what I'm saying? So yeah, we had so in our, for instance, in our CEO succession box, we had the person who is our new CEO now identified. He's been identified for five or six years. He was the two I see in this

organization from day one. The two of them came out, we pulled them out of Alta gas, gave them the charge to go and do this. But behind that, we had five people with various degrees of expected preparedness, from needing two more years to needing five to seven years and having gone through this process, especially the cranking psychometric pro tip process, I would say I don't have any confidence in our matrix anymore. I think we need to have someone that is doing some of this search, some of these evaluations and analysis to make sure that we don't have blind spots.

Interviewer 14:57

Interesting would you also look at then, if there were blind spots? What would you use them for, things like development, planning and coaching? Yeah, correct. Great. Okay, is there anything that they could have done better? Anything that they could make improvements

Speaker 1 15:19

on Oid? That's a really good question. And I was asked this question when the original survey came out to me and I struggled with it. Then, I don't think so, other than I didn't know enough about them, and so if I didn't have some prior influence within the organization. I don't and if I wasn't a golf fan, would never heard of Korn Ferry. So I don't know how they go about doing it. There's a business in Canada called huge set consulting, and they're everywhere as far as their marketing reach goes. Rob Korn Ferry would be considered the Mercedes Benz within that business. Hugesson would be considered a jaguar. So big on image, some able people, I don't want to say that they don't do a good job, but they seem to be everywhere when you go to do some coursework on directorships. So we have an institute of corporate develop corporate directors in Canada. Houston has the contract, and I think it's a loose contract where they do it for free, but they go in and they teach the session on corporate governance and succession planning and compensation evaluation and those sorts of things. So Could, could, could Korn Ferry do things better, maybe with some additional education has to be balanced, though I'm an old fart. So how do people like to get information today? I can tell you I don't like to read a 12 page paper on something, but give me the Cole's Notes version or give me the one pager version on it, or give me the opportunity to be invited into a conversation. I've got my full attention. Yeah. So on the marketing side, perhaps, perhaps Korn Ferry could do a better job in the marketing side, that's my only as far as their work goes, I have no complaints on their work. I'm looking at this now through a lens of managing their business. And I'm thinking, if they're managing their business, their comms and their marketing, perhaps could be expanded. But that said, Only so many people, right? You don't want all the work. You want the best work. Yeah. And so I think files like ours are interesting for them. Korn Ferry is not inexpensive, so you need to have clients that are able to pay for what they're getting. And so perhaps that's part of the high grading that they've done, I don't know,

Interviewer 18:16

touching on the kind of thing you said about, you know, you've only heard of them through obviously got, I mean, it's something that I speak to them quite a bit about it. Do you find that that relationship, that sponsorship, now you know them, does it make

sense to you, and before you'd encountered them, did you wonder who Korn Ferry were? If that wasn't clear,

Speaker 1 18:40

so I knew who Korn Ferry was because we had used them in others had used them in past businesses, the Korn Ferry golf sponsorship. I don't understand that one, but who am I? It's probably likely looked at it and thought the people that we attract at the senior level to retain us, to go out and find successes within their business, are men who play golf, and where do they talk about their succession planning? Maybe on the golf course. I don't know. That's me guessing.

Interviewer 19:20

I think, I mean, it's right, right? You know, as you said, You're the, you're the demographic thereafter, and you play golf, and therefore you're aware of them. But I think there's also, you know, there's also a story alignment around, kind of realizing your potential. So given where the Korn Ferry tour is, that kind of one away from the PGA, it's around if you have the talent, but also the capability and the support you can get there. But I think we could probably do more with that story.

Speaker 1 19:51

See, it makes sense when you explain it to me sitting in front of the television on a Sunday afternoon, I would never have thought about that.

Interviewer 19:59

It doesn't come. Well, it doesn't come through, right? I think that's the key thing, right, right? Fabulous. Well, I mean, you second guessed my last question, which was about the brand, so I think that's probably it, unless there's anything else. I mean, it'd be good just, I suppose, to take a broader view, from your point of view of your role, how, how much of your time at that kind of board level discussion is around people and skill sets.

Speaker 1 20:30

So it is an element four times a year we have six board meetings, one strategic planning, one budget and four quarterly reviews. The strategic planning session, it is discussed there. It is discussed at for sure, two other quarterly meetings, update meetings, and it's talked about at budget time. So one of those quarterly meetings, we have a specific requirement in there for the compensation and Governance Committee to ensure that our succession plan has been freshened. So that's one element of it. There's another one of those where we look at compensation, and then the budget brings some of those things together at that point in time. And on our strategic planning side, we're looking at that point in time and having a discussion about people to lead projects and to lead the plan forward. So we do it four times. Within that four times, I'm going to say that the board spends 30 to 45 minutes each one of those sessions on this matter, in the actual meeting, my committee would spend another two hours per meeting outside of that having discussions or communications about it, and then in my role, I probably spend another three or four days each time in thinking about it. So there's a fair bit of consideration. And we're fortunate in that the chair of our business is a very dear friend of mine. He was the founder of Alta gas. He bought my business, actually in 2004 so we

became pretty good friends, and then that's when I became his president. He is a person that when we chat about things, it's, it's people first, and that's, it's one of the things I love about David is that we recognize, we both recognize that our business is only going to be as successful as the people that can take us to where we want to go. We can plan everything we want, but if we can't execute on it, then it's going to fail. So we spend time. There's likely an opportunity for coaching at the board level. And I don't know how you do that, Interviewer, but there's you get a group of nine people together. Some of them think they know it all. Some do know it all, but most of us could use some additional guidance and direction. And with our shareholders, as I mentioned earlier on. They're the they're the third party. Show me type people. So I think there's an opportunity there for us to be looking at, and we're going to do that in 2026 looking at ways that we can engage third parties to assist us in bridging some of those potential gaps that we have, identifying them anyway, and then giving us some guidance and making sure that we're doing this in a more fulsome and in holistic approach,

Interviewer 23:52

definitely something that you should speak to Korn Ferry about. They have, I mean, obviously I'm agnostic, but they have a whole board services, part of their business who do exactly that. So I'm sure the team can tell you

Speaker 1 24:04

more about it. Yeah, we'll have to pick and choose, because I'll go back to commenting that our shareholders are cheap. There's a difference between being frugal and being cheap. I think we're cheap. We we tend to cut some corners when we shouldn't.

Interviewer 24:22

Well, that's the chat. That's the challenge of the shareholders that you have. We come across those all the time with our own clients too. Well. I mean, look, I won't hold you anymore. That's been a really, really helpful discussion. So thanks for your openness and honesty. And it was a real pleasure to meet you.

Speaker 1 24:40

Good to meet you too, Interviewer

Interviewer 26:09

Thank you. Gregory, lovely to see you. Bye.

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