

A Guide For Planning Who Will Succeed You In Business
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This month's business topics include retirement, which for many business owners or managers in the Upper Peninsula of Michigan might be right around the corner. Likewise, there may be key staff in your organization that are nearing retirement and whose skills and knowledge must be passed on and retained. Sound familiar? If so, read on.

An often-overlooked tenant and responsibility of management is the development of a successors(s). Very few small business owners, corporate managers or even boards give enough attention and resources to the subject of succession. This is evidenced by the many requests for help we receive in our offices:

- A municipal utility desired to make an external hire for a key leadership role in their organization because no internal candidates could be promoted. This poor talent planning led to a costly search for a manager that took several years, without success.
- A city in the Upper Peninsula experienced several bad external hires in their city manager position due to poor planning, decision making and preparation of the next generation of leadership. The cost of these mis-hires combined is estimated at more than \$1,000,000.
- A shipyard is faced with multiple retirements within their skilled trades and supervisory functions, representing 30% of their workforce. Without a clear plan for succession and the development of talent within these roles, the business is in jeopardy of not meeting demand for its services.
- A non-profit Christian ministry board was informed their founder and president would be retiring within 6 months. No succession plan was in existence nor did talent exist within the organization that could be promoted. As a result, the board decided to conduct an external search for a president, which is still ongoing 2 years later. The founder and president's retirement has been postponed due to poor planning and preparation.

Each of the above scenarios could have been prevented through proper planning. As Ben Franklin said "an ounce of prevention is worth a pound of cure". This article will address the planning process that should be considered when planning for retirement and preparing a successor. We refer to this planning process as "succession planning".

Succession planning is a **strategic process** for *identifying, developing and preparing* new leaders to assume the management of an organization. Unlike "replacement planning" which answers the question "who could keep this place going if (name) was hit by a bus", succession planning focuses on identifying and developing the skills and competencies that someone leading an organization should possess. It is a planning and developmental process in which talented individuals are groomed and prepared for the future.

The six key steps in succession planning are as follows:

#1 Identify “mission critical” positions in your organization. This could be a single person in a small business or the entire management team within a mid-sized business. Ask yourself this question when identifying mission critical roles “how would my business be impacted if (name/role) left the company?” If your business would be significantly impacted by a key individual leaving, this is a “mission critical” role.

#2 Build job models/scorecards for each key role, including your own. Beyond just a job description, a job model will typically include the skills, competencies, management/leadership traits, expectations and accountabilities associated with a position. A side benefit of establishing a job model/scorecard is that everyone in a key role will understand their role and your expectations of their performance. For a complimentary copy of a sample job model/scorecard please contact our office and we will supply free of charge to readers of U.P. Business Today.

#3 Assess each individual according to job model/scorecard. With your job model in hand, measure each individual objectively (on a scale of 1-5), according to the skills, competencies and management/leadership traits that would be required in their new role. Identify the gaps between where they are today and what excellence would look like in their prospective role.

#4 Identify development opportunities. Look for activities, projects or situations that would help prepare and develop your key employee in their current and next role.

#5 Together with your employee, write an individual development plan, to help them grow in their current and future role. Share with them the skills, competencies and management/leadership traits they would need to develop over time. Establish a timeline for doing so, track their progress over time and meet with them regularly (2-4 times per year) to insure focus and growth.

#6 Implement intentional coaching and mentoring. This coaching and mentoring could occur during regularly scheduled interactions or informally on the job as time would permit. Seek to understand where the employee is struggling and how you could support them in their development.

In summary, each of us as leaders has the responsibility to plan and prepare for the future, rather than just focusing on today. By planning for your own retirement or the retirement of those in your organization, you can ensure the continuity of your organization and help to eliminate organization and financial risk.

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