

Talking Technology

Don't ignore need for business succession planning

By Steve Burns, Capital News contributor

A recent survey that I reviewed of Okanagan based businesses suggested that a staggering 87 per cent of small to medium sized businesses have no succession plan in place.



That number is shocking to say the least as without a clear succession plan, your business may be worthless upon your death or even before.

When I talk to business owners I liken succession planning to preparing a will— none of us want to take the time and effort required to make it happen but it is absolutely essential to ensure a smooth transition.

However, like in preparing a will, many entrepreneurs in the Okanagan are procrastinating on the issue of succession planning.

I suggest that the risks to your business are too great for you to continue avoiding this issue.

I would like to dispel the myth that says that succession planning is only for the CEO of a family owned business—not true at all!

In my opinion, all businesses need to develop a succession plan that includes all key management and all key employees.

Here are some key action items that will get you started on your company's succession plan.

1. Start succession planning today.

One of my clients recently commented “the best time to start succession planning is now – when you don't yet have a crisis on your hands.”

I think this is very good advice. If this company hadn't started succession planning ten years ago when their family members indicated an interest in taking on leadership roles, their business would not be even close to the size that it is today.

2. Identify key positions requiring a succession plan.

Take the time to identify the key positions within your company that should have a succession plan.

This could include key employees where you really do feel at risk if they were to leave.

The primary purpose of identifying these key positions is to simplify the whole succession planning process.

Identifying potential succession gaps and planning your future staffing strategies will be critical components of your plan.

A succession plan must clearly outline how the company plans to replace or transition key personnel to additional responsibilities or completely out of the company altogether.

3. Identify key competencies, skills, abilities, motivations, interests and personality required

I think that it is a great idea to take the time to profile all key succession planning positions in terms of the key competencies, skills, abilities, motivations, interests and the personality required to do the job.

Often this exercise shows that the individual currently doing the job would be better off in a different position within the organization.

It also helps tremendously to be objective in identifying potential candidates, whether they are family members or not.

One of the most common contentious issues in succession planning in a family owned business is which one of the children, if any, should take the lead role.

Two attitudes are common: "Well there is no one else but Johnny to do this job so we have no choice but to give it to him" or "Jenny is older than Johnny so she should get the job."

Neither approach is very useful.

The human resource competency testing and profiling that I am talking about will help you objectively identify the skill gaps that exist with family members.

While I may not completely agree that a family member be promoted to a job that they are not qualified for, I do support having a family in a job where there is a clear commitment by the management team on how they will obtain the required skills.

This could involve bringing an experienced person on board to train them or having them take relevant courses and upgrading in order to bring their skill level up.

In my experience, a succession plan that is not followed with a strong commitment by all levels of management to deliver on the plan, including any upgrading of skills that is required, is doomed to fail.

4. Don't miss the obvious.

Okanagan entrepreneurs have a wealth of talent already working in different positions and levels throughout the business.

This hidden resource needs to be tapped and identified as it is a key resource in ensuring effective succession planning.

Knowing you have potential replacements already in place is more than just prudent management.

The cost of hiring the wrong candidate, including a family member, or sourcing external candidates, can be excessive, both in terms of cost and also in terms of the time needed to make them effective.

Competency profiling allows you to know what skills and resources you already have at your disposal.

It can identify those people who, with help and education, can climb your management structure and potentially become its future leaders.

So here is a challenge that will inspire you to action.

For every company that emails me an outline of their succession plan by next Wednesday, Oct. 1, I will provide them with my detailed comments by the following Wednesday, Oct. 8.

No charge of course. No gimmicks here, no pestering follow up phone calls from me to obtain further business from you– not at all– this is just an honest offer from someone that wants to see you inspired to action.

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