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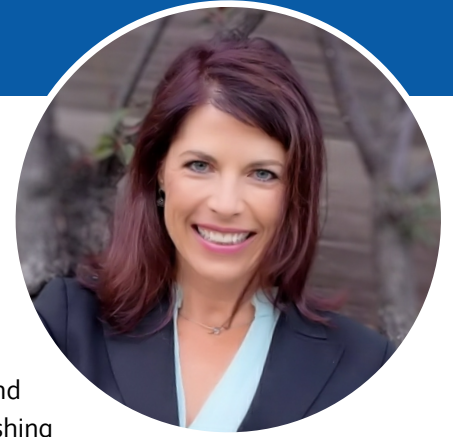


Understanding the Role of Succession Planning for Small Business Success

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Who Am I and Why Can You Trust Me?

I am Sara LaForest, an entrepreneur, consultant, coach, instructor, and author with comprehensive experience in the private, nonprofit, education, and government sectors.

I am on a mission to empower entrepreneurs, executives and leaders to grow their businesses and help them create flourishing workplace environments. If you share this mission, these articles will introduce my approach. I believe you will find them helpful and pragmatic.

For more than a decade, I have grown, managed, and nurtured my own companies specializing in leadership consulting, organizational development, and executive and performance coaching. My focus is on the critical—yet often overlooked—interdependencies of strategy, branding, culture, and talent necessary to foster and propel growth. My high-touch, personalized approach helps leaders improve company performance and team functioning at all levels, while facilitating a positive and productive workplace culture.

How am I different? What new perspective do I bring? My strength is combining company growth with an emphasis on the personal growth and well-being of the people with whom I work and serve. My deep-rooted commitment to human advancement is my advantage.

This article, along with many other national and international published works, was co-written with my retired partner, Tony Kubica. Our book, *Organizational Gravity: A Guide to Strategically Growing Your Company's Brand, Culture, and Talent*, is available on [Amazon](#).

To learn more about my services, publications, and speaking engagements, please visit [LaForestConsulting.com](#). You can contact me directly at Sara@LaForestConsulting.com or via [LinkedIn](#).

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Succession planning is most often associated with replacing the CEO and key executives within (a usually larger) business. This is a limited definition and application, which does not serve small businesses well.

We find few companies with an up-to-date succession plan. When a change occurs in key positions or when there is a need to identify leaders to support growth initiatives, organizations are often caught “off guard”. And it doesn’t matter the size of the organization. Bank of America was ill prepared to find a replacement for Kenneth Lewis.

A Robust Definition of Succession Planning that Will Better Position Your Business for Success

Succession planning is about having an identified plan to fill key positions (and we believe, not just executive positions) within your organization, whether this is due to someone leaving or due to new positions being required to support growth.

Succession planning is the process of identifying, developing and transitioning potential successors for the company’s present and future key roles, aligned with the talent and ambition of its current employees and its talent network. For example, if you are in the construction or transportation industry, a logistics manager may be critical for the success of your business. Having a vacancy in this position could result in a decrease in service and an increase in customer complaints and possibly a decrease in customer retention.

Small Business Vulnerability

Small businesses are especially vulnerable. Oftentimes we find that the owner (or president) doesn’t believe there is a need for a succession plan. Their stated arguments are, “we’re too small”; “we’re too new”; “we have good people in place”; or “I’m not going anywhere soon”. In (an unlikely) static environment where no one leaves, no one gets sick (including the owner/president), growth isn’t that important, and performance is exceptional--these arguments may hold true. But the reality is – we don’t live in a static business environment: people do leave, they do get sick, the owner/president wants to grow the business, the employees are not all good performers and some roles are hard to fill. There is also a tendency to hold on to marginal performers because there is no clear plan on how to replace them. The impact: the business suffers, the owner/president suffers, employee morale and productivity decreases, and the customers become less than satisfied with their service. And if the customers have other options, they’ll take them.

Another argument we hear is that small businesses do not have the internal talent pool nor do they have a large number of employees to choose from when there is a need to either fill a vacancy or identify an employee to lead a growth initiative. While yes, this is a reality for many small businesses; reality doesn’t have to make your destiny.

Business plans are filled with hopes and dreams of rapid growth. Yet they are lean on the people strategy to support that growth. This is one reason why business plans fail to meet expectations. It is simply unrealistic to assume that businesses can grow and thrive without a clear plan on how to identify, train and place people in critical positions to support growth. It has often been said you can’t grow by cutting. And, similarly, you can’t sustain well (for long) with a gap (talent shortage) that ensures delivery of your promise to your customers.

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Challenges and Consequences

The key challenges businesses face are:

- Not having a **people-related plan** to support the growth initiatives
- Not having **current and relevant job descriptions** to establish expectations and role clarity and accountability
- Low or **no identified talent pipeline (candidates for your key positions)**
- And, **no process or structure in place** for identifying and developing those high potential – “promising” employees that fill the talent pipeline
- And these challenges left unaddressed, result in:
 - Knee jerk replacements- either unsuitable hires or “not ready for prime time” promotions that end poorly due to lack of development and transition support
 - Retention challenges – the best talent leaves to pursue growth and other opportunities as they do not sense an opportunity at your company to advance
 - Unnecessary costs in crisis recruiting and training
 - Disruption to the work culture/environment, meaning that a sense of stress, discord, competition and posturing for position manifest in employees and could embed in your culture with a perpetual lack of clarity

Rightsizing and Succession Planning

Every business owner/executive should spend time on proactively rightsizing the company. Unfortunately rightsizing over the past few years has taken on a negative connotation. It’s often seen as a euphemism for firing people. But appropriate rightsizing is simply matching the work force with the workload so that the business is supported and grows in a cost-effective manner. And it is because a business is not rightsized as an ongoing operating approach that it can find itself in the position where it needs to “rightsize” for economic reasons.

An up to date and well-managed succession plan is a prerequisite to rightsizing your company and supporting growth. And we see it as a key leadership initiative and responsibility to and for their organization.

What to Expect

First and foremost, succession planning is a process and not an event. And the process involves 8 steps:

1. Assigning responsibility for succession planning to the owner or the top executive (It should be a responsibility in the job description and part of the performance review)
2. Explicitly identifying key roles that are needed currently to run the company and that will be needed to support growth initiatives in the future
3. Developing and using methods/tools/techniques to identify employee competencies and aspirations
4. Implementing a structure and process for developing (building skills in) potential successors

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5. Implementing a process to transition successors into their new role
6. Identifying an emergency or interim process if there is an emergency absence of a key position or if for some reason a potential successor does not work out
7. Aligning your recruitment initiative to succession planning by forecasting key needs and interviewing for growth potential and adaptability (the ability to adapt and adjust to new situations and challenges)
8. And, evaluating your plan's effectiveness and updating the plan as required (at least annually)

Finding and Developing Successors

So the question is now: how do we find and how do we develop candidates for our succession plan?

We recommend **seven steps** you can take to identify and build your talent pool:

1. Keep a pulse on the talent network in / of your industry
2. Develop and maintain a learning organization to promote a growth mindset among employees
3. Hire candidates not only for the job they will do today but also for the jobs that will develop in the future
4. Create a formal and informal educational initiative for high potential candidates (i.e., targeted courses, seminars, conferences, professional association sponsored programs and E-learning)
5. Give assignments that require demonstration of skills (enable the candidate to learn new, develop and apply skills that will be required by managers in your company. (It is important for the candidate to have an opportunity to make and "live" with their recommendations.)
6. Conduct semi-annual reviews (stay in touch with the candidate's performance) that should also include selective 360 degree reviews - to focus on: Skills learned, skills demonstrated, skills to be learned, what went well, what can be done better, professional/career goals and how the colleagues see the candidates performance and behavior, derived from the 360 degree review.
7. And, actively provide development opportunities including, personality and job performance assessments (indicators) to understand individual work strengths/assets, preferences, career derailers and underlying career drivers (motivators) and mentoring and/or coaching.

While often overlooked or misunderstood, succession planning is an important component to business growth. Whether you have a formal plan or an informal plan is less important than that you have a plan; and, a plan that you work on throughout the year.

The recession was hard on many businesses. Staffing levels were decreased and the talent pool depleted in some organizations. The economy is recovering for many businesses, and growth is starting to occur. But growth needs people to support it, and defining whom you need now and in the future and who will replace key positions is an important and necessary growth support strategy; as people (the right talent in the right roles) are really what carry forth and manifest your business strategy.