

## Why Every Organization Needs A

# SUCCESSION PLAN

### SHARED THOUGHTS FOR TURNING VISION INTO ACTION

If there is anything certain in business and in life, it's that things will change. In order to build a solid strategy and achieve your goals, you've got to think several steps ahead.

One of the greatest changes you and your organization will face is leadership transition: yours. You might already be thinking about when the time will be right for you to move on to other things. Even if you aren't looking that far ahead, it's smart to start putting a succession plan in place both for yourself and for other key leaders within your organization.

Succession planning not only prepares you for the future, it also helps your organization build stronger leaders, react to change, and progress toward accomplishing its goals. Yet more than half of businesses worldwide don't have a succession plan. And the businesses that are likely to suffer the greatest challenges as a result of a sudden or unexpected change are also those that are least likely to have a plan in place: organizations with less than \$50 million in revenues.

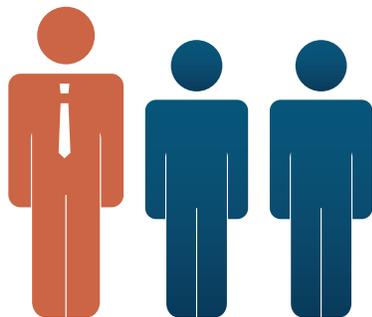
#### WHO HAS A SUCCESSION PLAN?



45% of companies worldwide

#### BUT ONLY

17% of companies under \$50 million



## WHY PLAN AHEAD?

Succession planning is useful for more than just finding your replacement. It's a tool that can help you better prepare your business for the future, both while you're at the helm and beyond. Here are five reasons you should make succession planning a priority, even if you aren't planning to ride off into the sunset any time soon.

#### *Prepare for contingencies.*

If you or one of your key employees was suddenly prevented from coming to work for an extended period of time, would your business be able to continue to function successfully? Succession planning ensures that the appropriate members of your team are prepared to deal with the unexpected when it comes to filling key roles and responsibilities. Leaders often have a wealth of knowledge in their heads that will be lost if the unexpected happens, with potentially disastrous results for the business as a whole. Identifying a succession plan and sharing or codifying specialized knowledge will prepare your business to weather unexpected changes. With average employee tenure being only five years, the leaders you identify today may not be with you when the time comes for a transition.

#### *Develop talent.*

The people who are best suited to lead your organization today may not be the right fit for leading your organization in the future. Smart organizations link talent identification and development to their strategic plans, so they can cultivate the skills that will be essential to future success. Evaluating your team from a succession planning perspective can help you identify the skills and experiences necessary for creating the next generation of leaders. Given that 76% of successors come from within an organization, developing a stable of potential leaders is critical.

#### *Reinforce confidence.*

Getting your team involved in succession planning can give them a sense of stability and control. Change (particularly at the highest levels of leadership) can be unnerving, especially if nobody knows what to expect. By involving key personnel in your planning efforts, you'll boost their confidence and prepare them to handle change confidently whenever it happens.

### ***Get buy-in.***

Succession can be a particularly sensitive topic for privately owned businesses and partnerships. Broaching the topic early allows stakeholders to consider options and share their opinions without the pressure of needing to make an immediate and final decision. Often, these conversations can uncover important goals, concerns, and insights that may otherwise have gone unnoticed or unexpressed.

### ***Build your legacy.***

Most business leaders would like to leave a legacy, but many don't give themselves adequate time to build one. Depending on what you want to put in place or accomplish, it's smart to begin working on your legacy at least two to four years prior to your planned departure.

## **HOW TO PREPARE**

### ***From a personal perspective.***

Transitioning your leadership role can be a rewarding experience if you're prepared for it, but it can be an emotional roller coaster if you're not. Take some time away from the day-to-day demands of your role to consider your personal and professional goals, the conditions under which you'd prefer to leave, what this transition would mean for your spouse or family, and how prepared your organization is for a transition. Planning ahead can help you get on the right path toward reaching your larger life goals while simultaneously setting your organization up for success. Thinking this way isn't selfish, it's self-aware.

### ***From a leadership perspective.***

Transitions are best accomplished in stages. To determine what steps need to be taken to ensure a successful transition, you need to consider your vision for the future of the organization, capabilities of current leaders, developmental needs of the next generation of leaders, financial needs, and many other factors. If you are considering an acquisition or merger as part of your strategy for putting the right replacement

team in place, take the time to examine aspects such as cultural fit between organizations, potential conflicts, and the values, habits, and relationships of top leaders at the other organization. Establishing a board should be something you consider if a merger is part of your exit strategy. A thorough assessment of where your organization is today and where you want it to be at your point of transition will help you determine which steps need to be taken in order to make your departure as smooth as possible both for you and your team. Don't underestimate the value of an outside viewpoint from a trusted advisor or succession specialist when making your plans.

## **SUMMARY**

Developing and maintaining a succession plan can be daunting, particularly for smaller organizations. Many leaders feel compelled to shoulder this burden alone, either because they don't want their team to get the wrong idea or they feel as though they are the only ones who truly understand the challenge. Others may feel they don't have the time and that succession planning is a bridge to cross whenever they get to it. Yet businesses that operate without a succession plan are missing opportunities not only to prepare for tomorrow, but also to become more effective today.

That's where Applied Vision Works comes in. We're guides who provide an objective perspective combined with a depth and breadth of experience to help you and your team see more clearly. We offer practical advice and consistent mentorship to help you overcome hurdles, drive the markets you are in, prepare for the future, and become the best you can possibly be.

**If you're ready to achieve results that are even greater than you thought possible, give us a call.**



# **APPLIED VISION WORKS**

**One Vision. One Voice. Unlimited Success.**

AWW are guides who partner with leaders and teams with heart for the long term. With our programs, leaders and teams can experience a better quality of life, build stronger organizations, and achieve greater results. Our clients run organizations ranging from \$10 million to \$5 billion in gross revenue.

