

Plan for Your Successor

By Fred Jaeckle

Stop for a minute and think. Who is the #2 person at Microsoft behind Bill Gates? Who is second in charge at Mannington, Shaw, or Mohawk? If you don't know, that's not a surprise, but I can assure you that the key executives at those companies know. Now, for the key question: Who is the #2 person at your store?

Do your employees clearly know who is second in charge at your store? If not, it is an area that should be addressed and communicated. If the second in charge at your store has to take over for you for a day, a week, a month, or heaven forbid for a year does that person know who should be taking over his or her duties? Long term, you can't expect your second in charge to effectively perform two jobs at once.

If their replacements aren't aware of the direction, mission and values of your company, they may eventually find themselves on the top deck of a sinking ship.

Succession planning is just as critical in your businesses as it is in major corporations. Many store owners are unsung superstars who often do it all. Tough shoes to fill, but in your absence, none the less, they must be filled. Without a successor picked and groomed, your company may not operate smoothly, may lose business and key customers, may create an environment of low morale, or worse yet may suffer a fatal blow. You say you don't have time to develop a plan or coach successors? Perfect example why this should have been done years ago!

Store owners often overlook the need to plan for the departure or promotion of themselves or of a key employee. All too often we think that the unthinkable won't happen, hopefully it won't, but it can happen and will happen to someone. Likewise they often overlook the need to plan in case they become unable to work due to illness or injury. Without a succession plan in place, a store can struggle for weeks or months, or even suffer irreparable damage. Having a written plan can make a world of difference, creating a smoother transition when you are unable to work for a day, a week, a month, or even a year. It also helps when you have a need to promote someone or bring in a new person. It is very important to be sure your key employees are aware of the plan, and their role in it. The plan is of no value if it only exists "in your head" and you are unable to communicate it if you should become incapacitated.

If your plan involves another family member, be sure that family member is willing to serve, is qualified, and is knowledgeable about your business! If you are seriously ill or injured, family members most likely will be more concerned with your well being, and that may preclude them from adequately running your business.

Developing a Succession Plan

Five things are essential in good succession planning: a needs assessment (what needs to be done in my absence), selecting people who are most capable of performing the tasks, a

training program or the resources to help them to grow into their new (perhaps temporary) job, a review process to see their progress, and communicating the plan to key, or perhaps all, employees.

Benefits of a Succession Plan

In addition to the obvious benefit of having someone to take over should you or a key employee be not able to work, a good succession plan assesses what skills your current people have and need, and identifies the coaching and education required to advance them. It will also identify what to look for in new hires as well. Although the plan should also address contingencies for sudden departures, it should focus on enhancing the capacity of your people so they can take on more responsibilities as the company grows. Research shows that big part of job satisfaction is giving the opportunity to employees to learn and to grow professionally.

Succession planning isn't only about replacements; it's about growing and enhancing the skills and competency of the team. Planning should include all managers and key people. In order for your business to grow (if that is your plan), you have to be able to hand off old roles in order to be able to take on new roles associated with growth. This never-ending process requires that you develop a plan, identify potential candidates, evaluate them, coach and educate them, promote them when appropriate, measure their performance, and repeat the process.

As part of the coaching and training, give your succession employees increasing responsibility by delegating key duties (this will free you to tackle new duties).

Final Thoughts

All too often we only think we need a succession plan when we get very close to retirement. But, a succession plan does much more than that. It serves as a well thought out contingency plan for unexpected occurrences that affect store personnel and can impact operations. It also forces your to train and upgrade your key managers. It also helps you (and others) to delegate duties as necessary as your store grows.

Review the succession plan as needed, but at least once a year. An example of when it must be reviewed mid-year would be when a key employee leaves. Keep in mind new internal and even external candidates that might be able to take over a key position in your store. Remember this is a living, active, long-term plan, and also an **emergency back-up plan**. Although you can defer, and control promotions and gradual transitions of leadership in your store, you cannot predict when you may become unable to work, or when your store will get hit with key employee defections, surprise retirements or even the death of an important member of your top team.

Another reason to have a plan is that if you grow and need to borrow money, you may find that you will be asked for a succession plan by your bank. They will want to know who will take over in the short-term and the long-term. A succession plan reduces financial and operational risk for lenders that have an interest in your business. Likewise, if you plan to sell your store when you are ready to retire, a succession plan will add

value to your business. The new owner will want to know who the key employees are and what their roles are.

Good succession planning will help to facilitate growth and minimize short-term shocks to your operations if a key employee departs, or if the unthinkable happens. Now that you've read this, get started on your plan and give yourself a completion deadline!

Questions, comments, and feedback are always welcome.

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