

Jim's Profit Accelerator 108: Why I Wrote This Book

Most of my clients are CEOs, and many understand succession until it includes them. Yes, I said that. Let's take a look at what others report.

Robert Lawless, former CEO of food giant McCormick's, said: "Many CEOs can't handle the fact that they may have to retire at some time and not have all the trappings and perks."

A poll by Price Waterhouse Coopers reports that fewer than half of the 783 board members polled by PwC LLP said that their board spent enough time on succession.*

And hidden inside the succession discussion may be the biggest silent killer of all, especially in privately held companies: cash flow survival. Here's the question that set it in bright lights for me:

You (CEO) have been running this company and working 60 hours a week for 25 years (or more). When you step back, who will keep the cash flowing in your business?

I've gotten answers like this:

- "My daughter has worked in the business for 20 years, and she's learned how to be CEO by watching me."
- "Our best two department managers can step into my shoes without a stumble."
- "My operations manager can step up. We won't miss a beat."
- "We've identified an internal candidate, but we haven't told her yet."

These are denial in a tux.

Just as you can't learn to play golf well by watching it on TV, you can't become a good CEO by watching someone do it. It helps, but it's insufficient. In fact, just as you learn to drive by driving with an instructor in the next seat, you don't become a good CEO without doing the work. One of my clients said, "I had no idea how hard this [being CEO] was." He had watched his dad for 20 years, worked successfully in a series of jobs in the company and outside it—and he was smart, analytical, a natural leader, and hard worker. If he found it hard, what does that say about the non-plan of succession?

SPEED BUMP: Who keeps cash flowing in your business?

While we're at it, besides keeping the cash flowing, here are two other CEO-only tasks that can mean survival for a company:

1. Saying No. Few companies survive without a clear and powerful way to say no. There are more possibilities than people, and their lure can be tough to reject. It's even harder for a committee to say

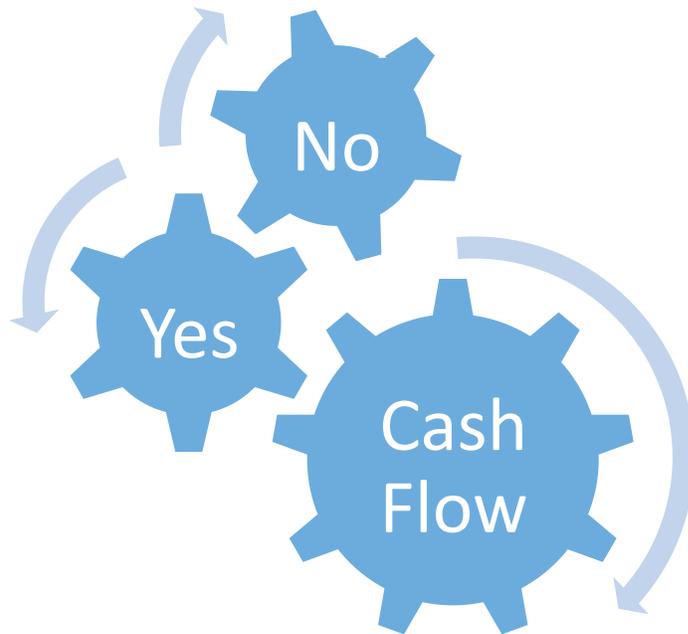
no, because consensus leadership leans toward yes. Still harder, cost is usually the wrong reason to say yes or no. Rather, the key decision variable is usually the return on investment compounded by the risk. And assessing the risks of each realistically challenges the best of us, because part of the assessment must be estimating the future, which is not yet known.

SPEED BUMP: How can your people say no effectively when you've always done it?

2. Saying Yes. Yes is harder than no, because yes consumes resources in ways that are usually irreversible. The courage for yes is the other side of the courage for no, with all the same dynamics. It's often further polluted by personal ambition or the expectation of individual benefit.

SPEED BUMP: How can your people say yes effectively when you've always done it?

Here's what must be replaced when the CEO steps aside:



ACCELERANT: What are you doing now to ensure your business's future?

For more information on how you can accelerate revenues and profits in your business, please call or email me.

* *Wall Street Journal*, 6/9/16, p. B2

For more information, visit www.grewco.com.

Jim Grew, the Business Defogger and Accelerator, helps leaders discover hidden opportunities within their businesses and exploit them for dramatic results. Jim has led 9 businesses, worked in 31 companies at C-level, and is an expert in strategy and executive leadership. He presents regularly to industry groups, mentors business leaders, and shares insights in his

Executive Letter (above). Jim holds BA and MBA degrees from Stanford University. In his new book, *The Other Side of Succession*, he shares how to plan for the future by growing your business now.

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