

The Heir to Your Throne....Succession Planning

Organizations began looking at succession and transition issues in the early 1990's, as a response to the growing interest and movement in the demographic makeup of most companies. In short, our aging population triggered a sense of urgency around workforce demographics.

Many of us still ask the question, "Do I really need to invest time and money into planning for the future?" The answer emphatically is a resounding YES. Regardless of whether your current workforce or management group is approaching retirement or they are young and emergent...the aging population as a whole will greatly affect you, your employees, and ultimately your business.

First things first, can you say with confidence that you have a current risk assessment and an action plan in place to address each concern? In assessing your organization's level of risk, today's business owner should start with a few questions:

- Am I able to forecast my company's Human Resources (HR) needs for the future?
- Who do I see filling these roles?
- Where will I go to find talented individuals for the approaching vacancies?
- How will I retain my 'key workers' as the job market becomes more competitive?

While public sector, quasi-government organizations and utilities are facing a loss of 40 to 50 percent of their workforce in the foreseeable future, all other organizations and companies will be affected via the ripple effect. The fact is - there are too few people at younger ages to replace the baby boomers.

Organizations with a shrinking workforce can find themselves in the situation where only one individual owns key information about specific processes, procedures and the history of decision making in the organization. In this case, the loss of one person adversely affects the operation of an entire organization.

At the same time, the world is competing for the same talented individuals. Now your most valuable employees can choose from work options and they are often interviewing multiple organizations that are competing for their talent. That makes your challenge even more complex as you cannot always predict these unplanned vacancies.

The key to the successful transition of a business, including succession management, includes a clearly identified HR plan which addresses questions like how will I:

- Look for talented individuals to fill predicted and unpredicted gaps?
- Prepare my organization to compete for the best job candidates?
- Inspire and retain those who I attract and hire?
- Know which of these individuals are the best fit for my key “at risk” positions?
- go about preparing these talented employees to be ready to take over when a
 - predicted or unplanned loss of an individual in a key position;
 - sale of the business;
 - Transition to the next generation of family business ownership occurs?
- Maintain (or transition) the “culture” of my organization?

With these factors, many small businesses in surveys cited *succession management* as one of the top challenges faced by family-owned operations.

There are many ways to address the issues stemming from the need for succession, including working closely with a team of advisors (HR specialists, Certified Financial Planners, Lawyers, and Accountants, etc.) who understand the dynamic nature of the independent business, and who can provide structure and guidance.