



## Why Innovation is Critical to Business & Succession Planning

The light bulb isn't what it used to be, and neither are employees.

Chances are, when Thomas Edison patented the incandescent light bulb, he wasn't thinking about how it would have to change to remain relevant. He wasn't planning on his creation having to be overhauled to reflect a different consumer demand. I'll bet he had rarely, if ever, used the terms "fluorescent, halogen, or LED". Think about that for a minute.

When you hired your first employee, were you worrying about how they would fit into your corporate culture (now or in the future), how they would add value to your bottom line ten years down the road, or whether you, yourself, would be forced to adapt to an ever evolving world? No, you weren't, and neither was Tom.

Experience in business over the decades offered proof that the most efficient way of dealing with a burned out light bulb, was to simply replace it with another one that worked. Entire buildings were re-designed and built to include this wonderful technology. Departments were founded to administer and monitor usage, and to even purchase replacements in bulk. Yet, while business flourished and we became more reliant on that wonderful invention, people continued to age...and the world continued to change.

Companies enjoyed success with their employees, celebrated retirements with gold watches, promotions and so on, and developed workplaces with long tenured, loyal and knowledgeable staff. They relished in the relationships with vendors and suppliers that had taken years to forge. Some contemplated a day when the next generation would take over the business. Unfortunately, many failed to look beyond the present and to make a plan for what would come next. With few business continuity strategies or ground plans for how to handle emergencies, they were blind to the oncoming dangers.

Light bulbs were burning out at a higher rate and the costs to replace them increased. Many made the assumption that there would always be enough skilled/knowledgeable/willing labour to compete for and replace, those who came before them; a seemingly never ending supply of Just-in-Time employees. Traditionalists, Boomers, Gen X, and then came the Millennials.

### **So what do light bulbs have to do with innovation and succession?**

Those in accounting and labour/trades will be familiar with Replacement Theory; a method for determining value based on replacement cost, or a formal or mathematical approach to determining the most economical strategy for the replacement of industrial equipment. Human Resources share a similar concept, only referring to a different kind of capital asset - humans/employees.

When you take replacement theory and apply it to your light bulb and your employee, you quickly see why innovation is critical to business, and how without it, succession is merely an exchange, and not an improvement.

For an organization to remain relevant, they must continually innovate, both through their products and services as well as their employees, stakeholders, and most importantly their owner/leadership. When looking for the most effective or efficient solution to a problem, a company must now consider many new factors and avoid making age old assumptions. The focus has shifted away from 'how' to 'why', reflecting the complexity of the current market and increasing the importance of understanding and sharing a consistent company purpose. The result is a lot more questions.

### **If the light bulb doesn't work... If I have to replace an employee ...**

Which operational items need to be considered? Are there financial savings that come with using a different option? Do we have the infrastructure in place to support new technologies? If not, what are the projected costs re implementation? Are there rebates available for transitioning to a new source? Will re training be required if we go in a different direction? Are there safety issues that need to be addressed: are all types of lights / employees compatible? What is the current projected lifespan of this model? Does changing one light bulb mean having to (over time) change them all? Am I the right person to be making this decision? Is there a better way? Why are we replacing in the first place?

To operate within today's business landscape, organizations must come with a broader set of skills, willingness to change, and ability to make timely, informed decisions. That said, challenges such as multi-generational and diverse workforces, availability of relevant industry skills & knowledge, legislative/regulatory guidelines, or the continued rapid expansion of globalization and technologies, are often too much for the everyday business owner.

The key to succession and to moving forward is partnering with innovative professionals, skilled in navigating and advising on many of these business challenges. The goal is for the organization is to jointly build a forward facing plan that acknowledges those present and future concerns, and includes a strategy for how to handle them. Ultimately keeping the lights on, and enabling companies to focus on doing what they do best.



To have a deeper conversation about how this subject will affect you or your business, please contact us directly:

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