



DO BUSINESS FASTER™

Jim's Profit Accelerator 266 The Succession Challenge No One Mentions

Much of the conversation about succession is either about running the business after the owner steps back or selling the business outright. These choices are individual and applied many ways. Here's what's common to all: The owner's life changes—bigtime!

SPEED BUMP: Succession is as big a change for the owner as for the company.

Let's look at this critical piece in the succession puzzle, from several perspectives.

Before selling, the owner's business life can change in these ways as she passes leadership responsibility to others:

1. Fewer people come to her for answers.
2. She misses more meetings (not all that bad).
3. She must change the way she keeps up with the details of operations.
4. She will see her power to change things diminish.
5. She will see changes that are exhilarating as well as those that are terrifying.
6. Her to-do list will change (maybe shorter, maybe not).

The biggest shifts are loss of activities that consumed her daily for years, and the requirement to guide, coach, develop, and evaluate (hire and perhaps fire) the top leaders in the firm.

It's this second responsibility that's often the bigger shock, because the owner's work shifts from telling to asking or guiding or just watching. This change moves the owner from the details of daily operations and decisions to working on the environment or framework for the growth and performance of the business.

SPEED BUMP: Succession is like moving from coach to general manager of the team.

What's new isn't the work on the environment (employees, measures, goals, etc.); it's that the work IS the environment (or framework) for the people to perform their jobs successfully. Execution challenges move mostly to the daily operating team. They move to the owner who has stepped back only when better answers are unavailable.

SPEED BUMP: The work rhythm for an owner after succession is more data and reflection, less action and direction.

Environment includes these three essentials:

1. Employees, especially folks in leadership
2. Goals and measures
3. Process to digest results and produce next steps

As soon as the owner starts to step back, he can review the three environmental items to see if they stand up to business needs in the next 24 months. Frequently at least one needs upgrading, and the perspective of the owner may be needed to convince new leadership that the adjustments are needed, and soon.

All these occur when the owner stays in the business to groom new leadership, expecting daily work to “wind down” at some unknown rate.

When the decision is to sell, the owner’s work shifts in at least two ways:

Improving results (and sometimes key leaders) to make the business as attractive as possible.

Planning personal activities after the sale is closed.

In many sales, at first the owner stays on to provide guidance. This typically lasts from three to eighteen months, with the call on the owner’s expertise declining over time.

In the first month of the sale, the exit glide should start to take shape. Those are the activities that provide satisfaction and meaning for the owner, beyond golf/travel. The glide starts with an intensive commitment to something bigger than the owner (to replace the business), and then relaxes intensity and time demands as he chooses.

ACCELERANT: What’s your exit glide path, and when will it start?

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

A note on **SPEED BUMPS:** Use them to click quickly with an idea that can immediately be implemented in your life as a business leader. Think: “How can I use this today?” or “Who can use this?”

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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