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ROBERT DENNEY Associates, Inc.

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SUCCESSION PLANNING; DON'T WAIT UNTIL IT'S TOO LATE

One of the most significant issues facing many companies, both public and private, as well as professional firms and non-profit organizations, is succession planning for key positions. In fact, many have not even thought about the issue and have not made the investment in time and money necessary to provide for orderly and effective succession until the time comes for change, whether due to retirement, resignation, death or dismissal.

Businesses today need talented and dedicated people who provide excellent management, constant innovation, knowledge of their industry and a focus on customers or clients. To achieve this kind of organization requires continuity in leadership rather than constantly bringing in outsiders, except when the company or firm is in serious trouble. Developing potential successors for key positions is a process that can take years. The key elements are:

- Recruiting talented people
- Developing depth and a strong organization
- Thinking and planning strategically
- Constant development and evaluation of key personnel
- Competitive compensation
- Prudent promotion of potential leaders

There is a school of thought – which has great validity – that success in today's environment requires what Joseph Bower, a professor at the Harvard Business School, calls an “insider-outsider”. Bower describes this person as “a truly talented insider who is liked and respected, but who has somehow maintained the critical perspective of an outsider who sees the need for real change.”

Succession planning should start with a candid evaluation of each member of the current management team to identify the potential insiders-outsiders and then instituting a process to develop them to assume higher levels of responsibility – including that of CEO – before a crisis occurs.

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Robert Denney Associates, Inc. provides management, marketing and strategic planning services to professional firms, corporations and non-profit organizations throughout the United States and parts of Canada. Reports and discussions of timely issues are posted on our web site, www.robertdenney.com.

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