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ROBERT DENNEY Associates, Inc.

Management, Marketing, Strategic Planning

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AVOID A SUCCESSION CRISIS

One of the most significant lessons the recession has taught us – which has not been noted by most sources – is that many companies, both public and private, as well as many professional firms, do not have a process for developing potential leaders. In fact, many have not even thought about the issue, and have not made the investment necessary to provide for orderly and effective transition, until the time comes for change, whether due to retirement, resignation, death or dismissal.

Why is succession planning ignored by so many businesses?

- Some members of senior management find the idea of developing successors depressing or feel it means admitting they have not done a good job themselves.
- Some CEOs who attempt to plan for succession also continue to manage authoritatively and do not allow the potential leaders to develop.
- Some members of senior management are specialists, brought in to turn the operation around and then leave when the turnaround is completed. These experts often pay little, if any, attention to investing in the development of future management.

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 leaders is a process that can take years. The key elements are:

- Recruiting talented people
- Developing depth and a strong organization
- Thinking and planning strategically
- Managing finances effectively
- Constant evaluation of 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.

Robert Denney Associates, Inc. provides management, marketing, strategic planning and leadership 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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