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Management, Marketing, Strategic Planning

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SUCCESSION PLANNING CAN AVOID A CRISIS

What if the founder and CEO of a closely held business announced one day, “I have just been diagnosed with a terminal illness.” Or the bright, young CFO of a fast-growing company unexpectedly said, “I’ve been offered a wonderful position with a competitor and will be leaving.” Or the long-time Executive Director of a non-profit organization announced, “I’ve decided to retire early.”

Each of these happenings occurred to clients of ours. In the cases of the CEO and CFO the companies were caught totally unprepared and almost did not survive. In the third case, an almost seamless transition occurred. Why the difference? The non-profit organization had developed a succession plan for its key executive and staff positions. The two companies had not.

Succession planning is one of the most important issues businesses and organizations, regardless of size, must address today. They cannot afford to have senior management and other key positions vacant for an extended period of time while they decide how to fill the positions.

Developing and implementing a sound succession plan is not something that can be done quickly. The key elements are:

- Thinking and planning strategically
- Recruiting talented people at all levels
- Constant development and evaluation of key personnel
- Competitive compensations
- Prudent promotion of potential leaders

Succession planning is a subject that should be raised and addressed by senior management and periodically reviewed by the Board of Directors. Yet they are often reluctant to address it because it can be a sensitive issue. Once the need is acknowledged, the process should begin with a candid evaluation of each member of the management team and other key personnel to identify the positions where the unexpected or unplanned loss of a person would seriously affect the operation.

The next steps are identifying potential successors, if they exist within the organization, and then instituting a process to develop them to assume higher levels of responsibility – including that of CEO – before a crisis occurs.

To put it bluntly, succession planning begins by asking the unpleasant question, “What if..?”

Bob Denney is a recognized authority on strategy, management and leadership. He serves as an outside Director on company boards and has also served as an interim CEO in turnaround and crisis situations. For further information visit our website at www.robertdenney.com

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