

Stay Ahead of the Curve with Management Succession

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When you think about the industry forces shaping your organization today, chances are you're also thinking about how you'll compete in the future.

If you need to strengthen your position in the marketplace, management succession planning should be one of your top strategic priorities. Consider the number of former leaders and colleagues who've transitioned to new organizations in the last

few years. Then, it becomes clear: management succession is not just about the person at the top—it's an organization-wide effort that can help ensure the continued success of your business for years to come. When thinking about management succession, consider these five essential keys to success.

Develop a Plan

Any important business undertaking should be guided by a plan, and management succession is no exception, whether you work for a for-profit or not-for-profit organization. Your strategic plan should address how management succession fits into your overall approach to attracting, developing, and retaining key employees. Specifically, your plan should address items such as:

- Why management succession is important to the future of the company
- Who is included in the management succession program
- What steps comprise the management succession process

- When management succession will take place

Start Early

If you wait to address management succession until you start thinking about retirement, then you've most likely waited too long. Management succession is a long-term process through which potential future leaders are developed at multiple levels and across departments and functions within your organization.

If yours is one of the many businesses that hasn't introduced a proactive succession planning program, you can jump-start the process by evaluating your senior management team and the next highest level of managers, assessing your training and development activities, and understanding your recruiting and retention track record. These assessments will provide much of the foundational information needed to design a management succession program that's tailored to your business.

Build a Bench

It's risky to have only one succession

option available. You should strive to develop multiple successor candidates for each key position. Middle-market companies can learn a lot from the "high-potential programs" used by larger companies. These involve the identification of potential future leaders and the application of rotational and training arrangements to enhance their expertise and experience in each major facet of the business, including finance, information technology, customer service, operations, sales and marketing, and product development.

While you may not have the luxury of being able to institute a comprehensive rotational program, you should be able to create cross-training programs that provide many of the same benefits.

Take a Long View

Management succession and ownership transition are often confused when the leader of a company is also the owner. For family-owned and closely held practices expecting to transfer ownership from one generation to

the next, it's especially important to take a long view by distinguishing leadership from ownership.

Sometimes the best course of action to ensure the continued success of your business means separating the ownership baton from the leadership baton, because even if you're ready to transition ownership, the next generation may not be ready to take on leadership. In this situation, you should identify the best candidate (internal or external) to run the business and let the management succession program prepare the next generation to eventually take over. This path will best serve the interests of the business, the employees, and your family in the long run.

Communicate Intent

More than anything else, uncertainty negatively impacts employee morale. When business leaders approach retirement age, especially when they're owners, employees start to wonder about the future of the company. As is human nature, employees typically think about the full range of possibilities, but

they tend to dwell on the worst-case scenarios. As a result, it's important to proactively and transparently communicate the plan for addressing your organization's management succession needs.

The Bottom Line

If you've developed a management succession plan, instituted it well in advance of a leadership succession event, created multiple succession options for core positions, taken a long view toward business leadership, and communicated your plans to employees, then you're well on your way to successful management succession—and you're well ahead of most businesses.

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