

SUCCESSION PLANNING FOR THE WHOLE COMPANY

BY JASON BADER, PRINCIPAL - THE DISTRIBUTION TEAM



I was recently recording an episode of my podcast and the topic of succession came up in the interview. Succession planning is nothing new to privately held business. I was the second generation in my family business, and we started this process very early on. This is not always the case in family businesses, and I have seen a few horror stories that punctuate the need for better planning. During our discussion, I had one of those two by four to the head moments. Privately held entities tend to focus on succession for the owner or president of the organization; but what about those key management positions throughout the company? Do we go through the same level of strategic planning normally reserved for the C-suite? I think we should.

One of the great things about privately held distribution is the longevity of the associates in our companies. In my family business alone, I can list off several employees that have been there for over 35 years. In most of the clients I have work with, they take pride in the multi-decade team members that have chosen to stay loyal to the organization. This is rarely the case in corporate America, but we have this phenomenon permeating the distribution landscape. This can be a blessing and a curse. On one hand, we have this amazing continuity of structure and leadership. On the other, their knowledge and experience can often be trapped between their ears with little chance of successful transition to the next generation. The transfer of knowledge is one of the keys to the long-term viability of any tight knit organization. We need to do a better job managing this transition.

The first step to developing a program is to do an assessment of the key positions in the organization. Obviously, we can't perfectly predict when someone is going to leave the organization; but as some of our executives hit the last 10 yards of their working career, we need to develop a strategic succession plan for these individuals. Talking about retirement and succession isn't always comfortable. These discussions need to be loaded with respect and dignity. If the company has developed a culture of trust and mutual respect, these conversations can be a very positive experience. Be careful about having newly anointed next gen leaders start these discussions. You might be better off inviting the previous generation to sit in on the initial discussions to alleviate any fears or wrong intent. Sometimes, deferring to the wisdom of your elders is the best way to insure the longevity of the company.

If you have been following my rambling opinions for any length of time, you will recall that I am a big fan of formalizing a career progression in the company. There may be an unwritten one trapped between the ears, but I urge you to get it down on paper. What is the logical career path for an associate entering the organization? How do we help them move through the logical positions to where they can branch out into their specialty? Not everyone is suited for field sales. So why do we believe that the only way to the executive team is through this position? Don't fall into this trap. Many of your best associates are better suited to operations and management. They need to have a strong career path offering. Truth be told, some of your most successful salespeople lack the

ability to lead people. Yet, we have all made the classic mistake of promoting an amazing salesperson to sales manager. Create a logical progression, which focuses on the unique talents of the individual, and avoid the painful frustration of tradition.

Another way to think about creating a formal progression is that it allows us to build bench strength. For those of you who don't enjoy sports analogies, I am talking about creating an associate structure that fills key positions when that person moves on to another role either inside or outside the company. Building a bench is a form of strategic succession planning. Preparation and training as the associate ascends through the positions will help them be better equipped to take on key roles. While this is a solid first step, I would like to see this program be augmented by a formal mentoring program.

Mentoring is where a senior associate agrees to spend time helping a newer associate navigate this progression and understand the culture of the organization. This can be so critical for making a new associate feel like they are a part of the mission. Younger generations grew up with consistent feedback and guidance. When this isn't present in their first working experiences, they can often feel disconnected and more susceptible to the greener grass of another company. Developing a mentoring program doesn't happen overnight. Not all senior associates are cut out to be mentors. Mentors have to be other-centered individuals who gain personal satisfaction in the success those they mentor. They need to be able to give their mentee time. They must be able to listen to the fears and frustrations

of their charge. As you will discover, putting people together is an art unto itself. This is where personality profiles can really assist in this process. Detail oriented people will probably be more comfortable with other people of the same mindset. Extroverted salespeople may be better suited to those who share the need to be around customers. Again, not a perfect science; but the more time you take in the match-making process, the better chance for a successful connection.

In the case of a planned retirement, we need to have several months to put together a successful transition. This is where some of that honest dialogue mentioned earlier in this article will give us the best opportunity to transition. I have worked with individuals on transition plans in the past. In one organization, I was brought in when the retiring general manager was leaving in 8 months. This isn't a bad runway to work with. The retiring executive had no problem sharing information with their successor. Moreover, the challenge was to extract this 40-year body of knowledge in an organized fashion. With a little guidance, we were able to break the remaining months down to themes. Some of these themes included supplier relations, delivery logistics, pricing, inventory management, sales management, and finance. The rule was that we would only focus on the designated theme during the month. What this did for the relationship is it didn't allow the knowledge transfer to be random or situational. The program was intentional, and I am pleased to report that the successor felt very confident when the general manager finally hung up the cleats.

Take a critical look at your company. Do you have senior associates that might be close to retirement? Do you have a plan in place to fill those shoes? Identify successors early so that you have the time required to facilitate

a transfer of knowledge. Develop a culture that champions progression and the desire to foster success in others. Strategic succession planning isn't something to fear. It comes down to recognizing a need and inviting the whole team into the process. Good luck and know that I am always here to help.

About the Author:

Jason Bader is the principal of The Distribution Team. He is a holistic distribution advisor who is passionate about helping business owners solve challenges, generate wealth and achieve personal goals. He can be found speaking at several industry events throughout the year, providing executive coaching services to private clients and letting his thoughts be known in an industry publication or two. Last year, he launched his first podcast, Distribution Talk. Episodes can be found at www.distributiontalk.com and most podcast applications. He can be reached at (503) 282-2333 or via email at jason@distributionteam.com. You can find additional resources on his website: www.thedistributionteam.com