



General Comments/Suggestions re Succession Planning

Succession planning never ends. When it's working right, it creates a system for identifying, assessing and developing an organisation's talent so it is geared up for future priorities. It also helps to ensure that our leadership team has the strength and skills to deliver our strategy. With a systematic approach to the identification and development of talent, our leadership capability can keep pace with our business growth and challenges.

Branch/Stream/Division Committees

Succession planning is the strategic, systematic and deliberate effort to ensure:

A: Readiness

- Committee documentation is in place and up to date to allow the new committee members to effectively carry out their role
- The relevant skills, experience and behaviour of effective committee members is determined and advertised.

B: Recruitment

- Potential members with a balance of skills and experiences are identified through a range of activities
- Potential members are given accurate and relevant information as to the role of the committee
- Members on the voting roll have been given appropriate information regarding the voting process and the relevant skills, experience and behaviour required of committee members.

C: Retention

- An inclusive, supportive and thorough induction process is planned and implemented
- Ongoing professional development opportunities are made available to support committee members and the committee as a whole.

Prior to commencing the recruitment process, it is advisable to identify the skills, experience and behaviours that you would like to see represented around your committee table. It is not expected that each member has all these, but a variety is essential for an effective committee:

General Competencies Qualities

- Visionary leadership
- Strategic thinkers
- Analytical thinkers
- Pragmatic
- Good communicators
- Team player

Role related Competencies

- Strategic expertise
- Financial understanding (if applicable)
- Risk management
- People management
- Relevant industry knowledge

Personal

- Integrity
- Honesty
- Curiosity
- Courage
- Time/commitment

Business

Succession planning is a process that many business people leave to the last. That's understandable – it's not a task that falls into the 'urgent' tray. But it is important – and like many important, but not urgent, matters there is a way to get them done: create a process. Remember – succession is a process not an event!

Following are some key questions to consider:

- Have you considered your succession completion date – the date that you will be out of your business with it transferred to new ownership?
- Do you know the processes involved in transferring your business to new ownership?
- Is the continuity of the business important to you?
- Do you have another business partner(s) who needs to be involved in your succession plan?
- If need be, would you be prepared to continue working in the business post sale?
- Have you identified likely purchasers of your business?
- Do those purchasers need assistance with funding?
- Do you have a current indicative valuation of your business?
- Do you believe that the business has any goodwill value?
- Are you primarily dependent on the maximisation of value from your business in order to fund your post succession lifestyle?
- Do you need some tax planning prior to transfer of ownership or after the transfer has taken place?
- Is your industry subject to potential dramatic change in the next 5 years?
- Are there larger businesses buying up and consolidating businesses of your type at present or is this happening in your industry overseas?
- Are you able to totally leave your business and have it run without you in no worse position and performance for 2 months? 4 months? 6 months?
- Are your business' regulatory requirements fully up to date?
- Are there any warranties, contingencies or commitments outstanding in your business?
- Do you have a lease in place for your business premises and can it be assigned?
- Do you have detailed systems in place to operate your business instead of this information being held mainly by the people in your business?
- Do you expect to see an increase in business succession within your industry in the short term?
- Are business plans, strategic plans, financial budgets, cash flow forecasts, breakeven analysis and asset replacement plans readily available to showcase your business?

Having considered the questions above, the following are some suggestions for starting the process:

- Identify the critical positions in your company. There are the obvious "C-level" players, but also consider any positions that you've filled in the past two years. If you've hired anyone during this lacklustre economy, it was probably for a critical role.
- Determine what skills people in those positions need. Doing this can be as simple as identifying the five top talents that a candidate has, and then matching those to a position requiring some or all those skills.
- Find and assess potential successors. Even if you don't have a formal competency model in place, you can jumpstart your initiative by identifying the most obvious candidates. Doing so will help you create a working process.
- Involve managers and leaders at all levels throughout the company. In my experience, they often know where the hidden talent lies outside the "inner circle," including the excellent qualifications of an underemployed individual.
- Commit to developing internal talent and monitoring their progress. It's more cost effective to promote from within, and I've found this often results in better leadership.