

THE EXTRA POINT

BY JERRY ROBERTS



424 Getting People Ready to Move Up — Part 3

We've been talking about succession plans and some of the challenges all organizations will face in preparing for eventual change. I'm Jerry Roberts and today, some thoughts on succession in a family business. That's next on The Extra Point.

In past years I've worked with one of the world's leading experts on family businesses, learning how ill-prepared most of them are to handle succession issues. Most companies in Guam are family owned, so this is an issue that affects a lot of people here.

As the saying goes the best time to start this process was 20 years ago. The next best time is right now. If you haven't spent years in grooming your replacement, then you'd better start doing that.

If you don't have an obvious candidate to take over your job, the first question to ask is if it has to be a family member. Maybe you'll set things up for you and your survivors to retain control of the business, but a non-family employee will serve as CEO.

This arrangement could be short term, say three years, with the new leader's goal being to prepare a certain family member to take over. A number of local businesses have used such a plan to give a son or daughter the opportunity to learn the job from an intimate point of view, without the pressures that come with it.

On the other hand, if there are no family members with the interest or skills to assume leadership, you can forge a long term agreement with the non-family CEO. Perhaps they'll want to buy the company from you.

The person you're looking for is someone who is tough, fair, and has no stake in the battles between family members. If choosing an existing manager for this role, the CEO would be wise to seek the opinion of key employees

who would weigh in on the candidate's talents, character, plus skills in dealing with people. These are the folks who will have to work with the new leader, so they essentially have some skin in the game and are worth listening to.

As I mentioned earlier in this series on making a succession plan, it should go far beyond the CEO's office, or even all senior leaders. Family companies need an aggressive stance on developing talent, and this is whether or not you have family members who are prepared to step up and assume leadership.

In fact, it's even more important in closely-held family companies, because employees already know the top jobs are reserved for the kids of the owners. If I'm working there I might be asking myself, "If I stay with ABC Family Biz, what's really in it for me? I know I can't go to the top here, but how far can I go?"

I would say it's critical that if you're the CEO and you're looking to retain the best talent possible, I'd be holding one-on-one meetings with workers to reinforce the idea that there indeed are good opportunities available with your company. Saying it is one thing. Having a personalized development plan for each worker screams it. Don't skimp on growing non-family contributors. If you do, it'll cost you.

If you're looking for help on succession planning for your company, I can refer you to a man who is top notch in this area, has been to Guam and has helped local companies.

That's The Extra Point. Get out there and make something good happen today. For 93.3 and the Ray Gibson Show, I'm Jerry Roberts.

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