



SUCCESSION PLANNING PITFALLS

André Diederichs

FABASA

Newsletter

FAMILY BUSINESS TIPS

A Proper Succession Plan ensures a smooth transition between the existing and incoming generation AND should be an integral part of your long-term business strategy

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PITFALLS TO AVOID:

Keeping the succession planning process a secret

Transparency helps to build family members and employees' trust. Keeping the process a secret suggests the family business does not have a succession plan in place.

This could result in key family members and employees leaving as they are uncertain of their own future in the family business.

If people are aware of the future they are likely to be more motivated to improve their performance

Favoritism

It is easy to fall into the trap of choosing your successor based on an individual whom you get along with or who is the most popular.

LEADERSHIP IS NOT A POPULARITY CONTEST

Popularity does not guarantee the best potential successor. Successors should be selected based on their abilities and whether they have the critical skills required to grow and lead the business.

NOTE: *The first-born, oldest son is not necessarily the best successor!*

Two ways to avoid this mistake it to:

1. Have an objective assessment approach in place that is fair and defensible
2. Use ratings from many different sources to alleviate risks of bias e.g. Strength Finder tests.

Fail to review, revise and update your succession plan.

One should never think that a succession plan will never be subject to change.

A succession plan needs to be adjusted if and when necessary.

I clearly remember the words of Raymond Ackerman when I did a TV interview with him. He stated, "I am now working on my third succession plan."

It is wise to have a PLAN B, should you lose your successor!

Top performers are the best leaders

Just because someone is an excellent swimmer, it does not automatically mean they will be an excellent swimming coach. In the same manner a great salesperson is not necessarily a good leader.

The skills required are very different. Thus always consider an individual's core skills and abilities.

