

# SUCCESSION PLANNING

What happens to your business if something happens to you?



Things to Ponder...

## Sick Leave

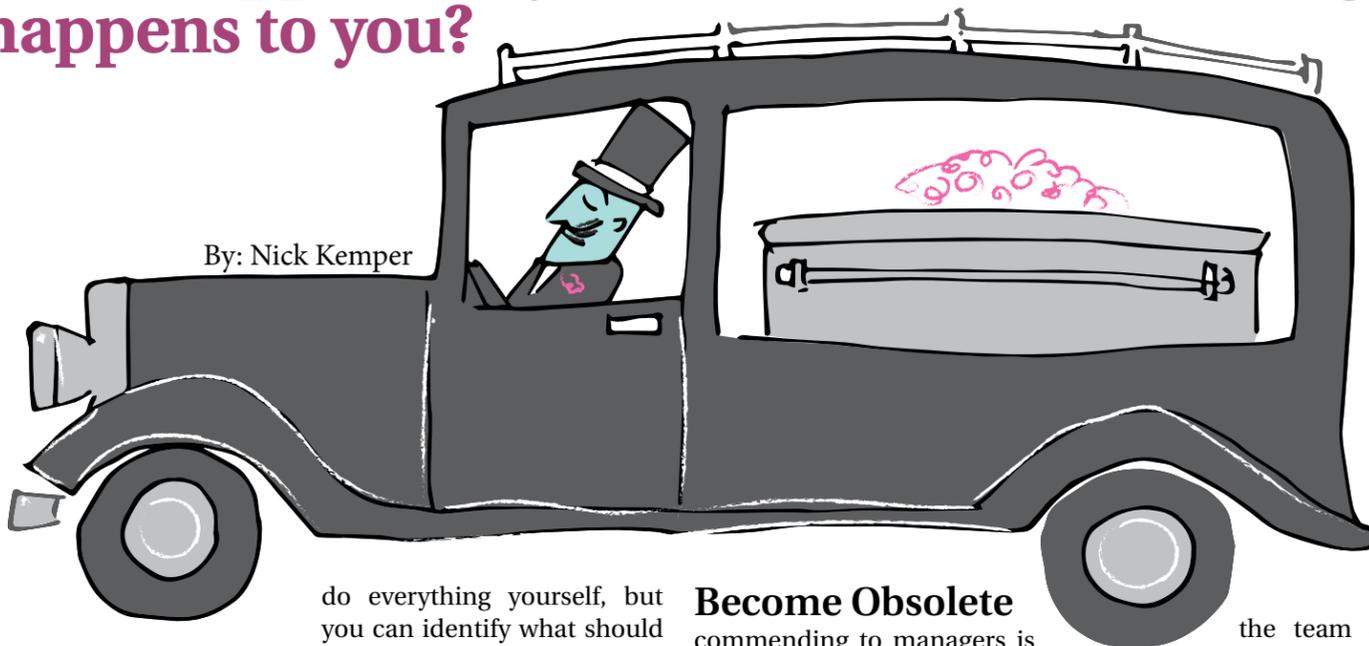


So when we talk about a Succession Plan, we refer to a major event – namely, your demise, or your abduction by aliens. But what about all of the successions that take place on a relatively minor level. What about when a key employee quits without notice? What about when a key employee calls in sick? Interruptions to the work flow caused by inadequate planning can be very detrimental to your business. How do you gather together a multitude of Succession Plans and craft them into a Success Plan?



## Drop Dead Clause

Obsolete does not necessarily mean disappearance. If you are showing someone you supervise how to handle part of your job, you're satisfying what I call the "drop dead" clause. If you drop dead in the middle of your work shift, can someone pick up where you left off without a major interruption to the overall company work flow? I'm a very sentimental person – I'm probably going to miss you terribly if you drop dead, but not until your work shift is over. I'm really going to appreciate you, and I'll tell everyone at the funeral how much you meant to the company if you've satisfied the "drop dead" clause.



By: Nick Kemper

If you're a business owner, no doubt someone who cares about you and your business has talked to you about a Succession Plan. What happens to your business if something happens to you? It's certainly a sobering thought, one that requires planning, reflection, and probably attorney's fees, but it's one of the most important activities you will engage in as a business owner. Why? First of all, you are admitting that the business can operate without you. And secondly, you are making sure that it will.

After all, when you move on to the great Impound Yard in the Sky, you do not want to look down and see your management team disintegrate what you have worked so long to build. If they need guidance now, while you're alive, they're going to need it more when you're dead. In fact, if you think about it, any instruction or delegation you give to one of your employees is basically an extension of your own work. You can't

do everything yourself, but you can identify what should be done that you do not have time to do. Once you've done that, you can assign it.

## Independent Employees

If you've done a good job with recruiting, training, and mentoring, you have developed employees who can think for

## Become Obsolete

commendating to managers is to try to make themselves obsolete. Yes, that makes them nervous. If they are obsolete, doesn't that mean replacement? Doesn't it mean irrelevance? What I mean is, if they have found someone else to take care of each function of their job without hindering the work production, then

the team assembled, it was a natural step to promote me to Operations Manager, overseeing Department Managers for each of those departments.

This also applies to cross-training, in the case of non-management personnel. Is there a co-worker who knows your job well enough to pick up the slack if you are deathly ill and can't come to work? Many small companies have a single person who handles payroll. You all know what this person is like on Payroll Day. It's battle conditions for them on this day, because it has to be done THAT DAY. What happens if something happens to that person the night before THAT DAY? Will the rest of your crew understand when you tell them that you have to wait for the Payroll Processor to get better before anyone gets a paycheck? Probably not without the threat of violence. Then you're in the ICU, and the whole operation dissolves into chaos.

## Every crucial work function in your business should be documented.

themselves, who can make decisions independent of you, and who sometimes choose a course of action that is better than the one you would have chosen for them. Now you are truly leveraging yourself, because you've moved beyond duplicating your efforts to multiplying them. And once you've taken this step, the next one is to show them how to multiply their efforts, and now we are talking about exponential effects. And you thought you were never going to use that math you learned in middle school.

they are available to take on more important work – hence, they increase their value. I've experienced it first-hand. I managed two divisions of an impound company – Drivers and Dispatchers. I developed Leads in both departments and taught them to do most of what I was doing in those roles. I also developed employees from those departments to manage other company departments, such as Accounting and our Auction. I worked with our top Salesperson to learn management functions. When my boss saw

## Reactive to Proactive

If this is the first time that you've undertaken this type of activity for your business, you are making the transition from Reactive to Proactive. You are reducing Emergency Mode activities and replacing them with Preparation and Execution Mode. Is it a lot of work to create a Work Function Database? Yes. Does it save work (and money) in the long run? Absolutely. Don't worry if it takes a long time to tackle this type of a project comprehensively. You have a business to run, after all, and you can't stop helping customers because you're writing down how to help customers. This is fill-in or piecemeal work, something key employees work on when they aren't attending to the highest priorities and daily tasks necessary for the efficient and effective operation of your business. It doesn't have to be outsourced or kicked around endlessly in meetings. If you are writing down how to help customers, doesn't it make sense to do it before or after you help a customer, while the experience is fresh in your mind?



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As you build this database, it will become clear that the data has a dual use. Yes, if an emergency occurs, anyone can pull out the file for that work function and figure out how to get through it. What you also have in your hand, at that point, is a training tool.

**Document the Process**

Now, we can't always cross-train someone for every work function. What we can do is document a process. That action requires only one person – the person who knows how to perform the work function. You could have someone else check their work – make sure it makes sense, it's understandable, and it's easy to follow. Every crucial work function in your business should be documented. Every work function in your business should be documented, but realistically, if you do not have this type of database, you want to start with the most crucial work functions.

To build this type of database, you start with the key employees who perform the

most critical functions, and you ask them to make a list of functions, in order of importance. You then begin the process of documenting work functions. It's advisable to assign a Project Manager from within your group – someone who is organized and has excellent attention-to-detail, to collate all materials and put them in a format that is accessible to all employees.

As you build this database, it will become clear that the data has a dual use. Yes, if an emergency occurs, anyone can pull out the file for that work function and figure out how to get through it. What you also have in your hand, at that point, is a training tool. When you train someone for any position, documented work functions will provide a foundation and reference tool for their training.

Of course, as your business grows and changes, this database will change. Roles and responsibilities will change in content, and they will move from one position to another. It's advisable to set up a periodic review, and probably a good idea to assign that to a task force with at least two people. A fresh set of eyes can often reveal inconsistencies or gaps better than the content creator.

Another corollary benefit to this type of project will be identifying key contributors. If you are asking multiple personnel to assist, the cream will rise to the top. You will likely find the person you should have assigned to be the Project Manager, and you'll see it when you see the quality of their work. You will find the person who relishes a challenge, who invites learning, who gets excited doing something different or more. Leaders will emerge from the pack. Successors, if you will.

And when you finally do lie down on that beach chair in the South of France and enjoy the extra years you've added to your life by reducing the stress of trying to run a business with no Succession Plan or Work Function Database, rather than in a dark and lonely coffin, you will sip your iced cocktail slowly and smile at the thought that your well-oiled machine is going strong without you.



**Retirement Expectations**

FORTYSOMETHINGS		FIFTYSOMETHINGS	
Fortysomething workers are feeling financially frazzled. They were in their prime working years during the Great Recession and 22 percent say they have not yet begun to recover or may never recover from it. Additionally, they are in the "sandwich years" which can include a delicate balancing act of work, children and aging parents.			
<b>82%</b> OF THOSE OFFERED A 401(K) OR SIMILAR PLAN PARTICIPATE IN THE PLAN	<b>76%</b> ARE SAVING FOR RETIREMENT	<b>42%</b> EXPECT THEIR STANDARD OF LIVING TO DECREASE WHEN THEY RETIRE	<b>80%</b> ARE SAVING FOR RETIREMENT
<b>22%</b> SAY PAYING OFF CREDIT CARD OR CONSUMER DEBT IS THEIR GREATEST FINANCIAL PRIORITY	<b>10%</b> ONLY "VERY CONFIDENT" THAT THEY WILL BE ABLE TO FULLY RETIRE WITH A COMFORTABLE LIFESTYLE	<b>37%</b> SAY PAYING OFF CREDIT CARD OR CONSUMER DEBT IS THEIR GREATEST FINANCIAL PRIORITY	<b>59%</b> PLAN TO WORK PAST AGE 65 OR DO NOT PLAN TO RETIRE

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