
Managing Towards the Future.

“MANAGING TRANSITION in the 21st century.”

Planning for the Unknown

Most large businesses today have bought into the reality of planning for business continuity and recovery in the event of a natural disaster, fire or flood. As a nation, we have learned that contingency plans are a necessity and no longer an option.

The money spent creates plans for “all hazards” so that the company can remain solvent in case of loss of data infrastructure or its place of business.

It may be difficult to picture your company in a situation where it is unable to service your customers and nearly impossible to picture your office in rubble, trying to stay afloat after a fire. It may be even more difficult to picture your company after a loss of its executive leadership.

There are many reasons an executive level manager may be unable to perform; such as illness, family emergencies, accidents, injuries or merely retirement.

The question every CEO must ask themselves is “Can the next generation continue to grow this business and succeed in the future?”

Generations of Managers

Managers of the Silent Generation (born 1925 to 1942) and the Baby Boomers (born 1943 to 1964) were generally the suit and tie executives. Office doors were kept closed in most cases, and the manager was a person to be feared and respected and rarely spoken to. Many mid-level employees went their entire careers without having any more contact with the executives than passing in the hallways.

Generation X (born 1964 to 1976) brought a new manager into the workplace. The open door policy, the co-worker style manager, casual Fridays and company luncheons. This manager built relationships and shattered the walls between the executives and the lower level employees.

Generation Y (born 1977 to 1994) managers are quickly making their mark in the corporate world. According to one newspaper article, “They are ambitious, self-absorbed, gregarious, demanding, confident and believe

they can ‘change the world.’” They generally meet deadlines very well, but resent being reminded of those deadlines. They have been raised with technology at their disposal and do not fear the technological changes in their workplace. The newest, cutting edge “cool” computers are not only welcomed, but demanded by them. Generation Y expects flexibility in the schedules, their workplace and their lives. They expect paid vacations and working from home. They expect that their output be judged rather than their method. If they are meeting the timelines and goals, then why should anyone question their schedule or work location?

Filling the Shoes

When a seasoned executive must step down or is no longer able to perform his or her duties as the manager, a company can be thrown into a state of flux. This transition can cause employees and customers to leave, trust in the company’s ability to wain and ultimately the failure of the business itself.

Most small businesses start as family owned and operated companies that are passed on from one generation to another in the family. This can cause stress and pressure on the part of the inheritor that isn’t sure how to fill the shoes of the former manager as well as on the company as a whole.

Many inheritors may also lack the skills to effectively manage the company, or they may lack the desire to manage the company. Two questions must be asked before this type of transition is executed, “Is this person a good fit for this role in the company?” and “Is the company a good fit for this person?”

Faced with a history of success in a business, the new manager may lean toward the past decisions in order to attempt the “cookie cutter” approach to continuity of successful business. This may work for the short term, but does not always mean that the ideas and decision of yesterday will be prudent in the marketplace. If that were true, music stores would have shelves full of 8 track tapes and vinyl records instead of iPods and CDs. Management today needs to focus on adaptability to change and gearing the company toward an evolving market.

“...in a world of chaos and ever changing conditions, ... the ability to change and adapt is key to... success: What worked well in the past may now be an outmoded and ineffective approach.”

- Stan Truskie, Ph.D.,
President of MSD Leadership Consultants Inc.

Relatively Speaking

It is essential to remember that as a predecessor, you must pave the way for your successor. Do so by integrating them slowly into the business. Many parents start by offering summer jobs to their teenage children as a way to test the waters.

What many families fail to realize is that their heirs may not WANT to run the business they have spent their lives building, or that two or more may want to be in the newly vacated CEO chair.

Less than one-third of family businesses survive into the second generation, and only about 13% make it into the third, according to the book *Keeping the Family Business Healthy* by Jack Ward. You owe it to your successor, your employees and your customers to secure the future of your business.

What Can We Do to Prepare for Transition?

Having a plan in place for the transition is the key to success. A few strategic moves can mean the difference between success and failure of your business.

These five steps will put you on the path to success.

1. Bring them into your world - Your successor will need to be seen as “the boss” when you leave. This includes allowing them to make decisions, attend meetings and interact with your employees and customers. They need to experience the bookkeeping, the day-to-day operations and deal with the stresses without your input before you leave so that they can continue this after you’re gone.
2. Create a Transition Strategy - There is so much more to turning over a company than teaching your children how to be good businesspeople. It’s also important to learn how to be a good predecessor. What that means is knowing what your offspring want and expect out of their own careers. Forcing the business on someone that doesn’t want it is a sure way to induce failure. It may be a difficult thing to turn over the business to a stranger, but having an exit strategy (such as selling your business or your client list to a competitor) is a prudent plan.
3. Trust your Successor - You’ve managed your business into its current success, but one of the hardest things to do is release the reins. If your heir has decided to be the successor you must now let that person be the manager.

They may not make every decision the same way you would, but you must trust that they are acting in the best interest of the company. Yielding control is a difficult yet necessary step in the transition.

4. Don’t Be Afraid to Hire a Consultant - Hiring an unbiased consultant can ease the transition by laying out the groundwork for the transition strategy, giving you the guidance you need to transfer ownership of property, stocks and licenses. You will also need to speak to an accountant to discuss the tax liabilities for taking ownership of the company.
5. Allow for Change - Your successor will have different ideas about how to run things than you did. As was discussed earlier, you need to trust your successor. This means allowing your business to change. The generational differences that were discussed will play a large part in the “changing of the guards” as your successor will make changes in technology, office environments, staff and possibly the scope of your business. You need to allow for these changes and support the new business strategies, as long as they don’t negatively impact your customer.

“Humans are not ideally set up to understand logic; they are ideally set up to understand stories.”

- Roger C. Schank
cognitive scientist

Re:Think...

your workforce. Are the plans of today ready for the workers of tomorrow? Is the fresh thinking of the workers of tomorrow possibly a better way to deal with the problems that face us today?

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