



## Succession: Only 22% of IRgA Members Have a Plan

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By Ed Avis

Mid-Carolina Reprographics in Charlotte, North Carolina is five years old this year, and owner Benita Ayers wants to make sure the thriving company continues growing if she suddenly can't run it anymore. So she developed a formal succession plan that spells out exactly who takes over in that case.

"You never know – I could get in a wreck today, and I just want to make sure everyone knows what happens if something were to happen to me," says Ayers, who had worked for Duncan-Parnell for more than two decades when she opened Mid-Carolina in 2011. "I kept putting off doing this, but when we reached five years old, I decided we just couldn't put it off anymore."

Ayers is somewhat rare among reprographics shop owners. A survey of IRgA members earlier this week, which was completed by 50 members, revealed that only 22 percent have a formal succession plan for their business. Another 32 percent have an informal plan, in which it's generally "understood" who would take over if the owner left. But 46 percent don't have any plan at all.

"I don't think anybody is doing a good job of succession planning," says Linda Henman, a business consultant and succession planning expert. "It all stalled when the economy stalled and the Baby Boomers stayed longer than they had planned. Now the economy is straightening itself out and Baby Boomers are finally saying it's the time to leave. But now there is a real sense of urgency."

So what exactly is succession planning? It means

preparing the next leader, or leaders, of your company so that they are ready to step in when you retire, or sooner if you are suddenly incapacitated. Smart succession planning helps ensure that your company continues to operate effectively, and it also helps eliminate needless jockeying for position after your departure.

So how does succession planning happen? Here are tips from three experts.

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### **Step 1: Examine Your Strategy**

Good succession planning starts with a review of your strategic plan, because you want your next leader to fit well with that plan. If your plan calls for aggressive growth and entering new markets, you're going to need a different future leader than if your plan calls for maintaining market share.

"You have to decide what you are trying to do with your company. And then you ask, 'Who will do it?'" Henman says.

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### **Step 2: Define the Role**

Next, define the ideal leader of your firm. What characteristics are you looking for in your next president? Does your company culture call for a hard-driver, or a laid-back leader? Is schmoozing with customers important, or is quiet, behind-the-scenes leadership preferred?

When you know what that person should look like, you're a big step closer to finding him or her.

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### **Step 3: Analyze Your Current Talent**

"An overall talent assessment is an important step," says Patricia Lenkov, president of Agility Executive Search in New York City. "What does your current talent look like? How do you grow your own talent? When you understand your current talent and their opportunities for growth, you can make a road map from A to B."

Evaluating your current employees for leadership potential can be tough, and sometimes results in hard decisions. But it's better to make the tough decision early on than be stuck doing it from a hospital bed!

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### **Step 4: Choose a Leader and Prepare Him or Her**

Hopefully your assessment of talent will reveal the best likely future leader of your company. What next? Get that person ready to lead.

Ayers is now training the person she selected as her successor at Mid-Carolina Reprographics in all of the areas of the business that she doesn't already know.

"She actually worked with me at Duncan for 11 years, and she has the knowledge of our accounts receivable and

accounts payable," Ayers says. "Now I'm working on making her feel comfortable doing anything here that she would need to do."

Training potential leaders can start way before you identify your successor, of course. You may want to identify "high potential" individuals as soon as they join your company and provide training in various areas of the business. As they grow in the business, their leadership potential may be revealed.

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## Five Key Questions

Those four steps above seem simple enough, but there are always hurdles along the way. Here are some frequently asked questions and replies:

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Q: When should succession planning begin?

A: "How soon could the CEO be hit by a bus?" asks Kim Villeneuve, CEO of Centerstone Executive Search in New York. "Then you should start succession planning before he or she hits the street." In other words, if you haven't already started your succession plan, start now.

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Q: Should I tell the person I find that he or she is the next leader of the company?

A: Experts disagree on this. "You should never make a promise," Villeneuve says. "The minute you make a promise you create a difficult dynamic for yourself." On the other hand, naming the successor gives you the opportunity to groom that person for the role, as Ayers is doing at Mid-Carolina Reprographics. "It's always tricky because whether you articulate your successor or not, everyone can figure it out in general," Lenkov says.

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Q: What if I determine that several of my current employees are good potential leaders?

A: There are two schools of thought here – you can tell all of the employees that they are competing for the top job and create a "horse race"; or you can give all of them various opportunities to show how well they perform and just observe them until one stands out. "The danger of the horse race is that they may not cooperate with each other," Henman says. "On the other hand, there's nothing wrong with several people improving themselves at the same time." Lenkov warns that if you create the "horse race" atmosphere, those people who are not eventually chosen for the top job may leave.

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Q: Should I look outside my company for my successor?

A: Yes, especially if your internal talent assessment fails to identify an obvious successor. But there are pros and cons to bringing in an outsider. "Statistics show us that most successful

candidates come from within," Villeneuve says. "If an internal candidate moves into the role and understands the culture of the organization, not having to re-learn that is valuable. Conversely, sometimes the only way a turnaround can happen is with an outside candidate. That's why it's important to do a strong analysis and see if you need a turnaround or you are just ready for growth."

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Q: Does succession planning only involve the CEO?

A: No, other key employees should have an identified successor, experts say. "Strategic organizations are thinking about succession at many levels," Lenkov says. "Think about it as a business continuity issue -- anybody at any level could depart tomorrow."

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One thing all the the experts agree on is that the succession plan cannot be a static document – it should be updated every time one of your identified successors leaves or your business strategy changes.

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