



FEDERER
PERFORMANCE
MANAGEMENT
GROUP, LLC

WHITE PAPER

Your Ideal Succession Plan

A complete strategy for a seamless succession



Whether you’ve made the decision or a significant life event has occurred, it’s time to step away from your business and pass the reins off to another. You have made significant investments of time and resources into your business and to ensure the continued success of your business, you need to carefully manage the process from prepping the business for your departure, to identifying a worthy successor, to planning for what happens next in your own life.

Throughout your career, it’s likely you’ve authored any number of plans, both for yourself and your clients. Think of your succession plan as one of the most critical, as it will go a long way toward determining whether your practice survives once you have left.

In this planning guide, we’ll cover the three major pieces of an effective and seamless succession plan, including gathering the fundamental elements, identifying and preparing a successor, and creating your personal succession plan.

TABLE OF CONTENTS:

Gather the Four Fundamental Human Elements.....3

Identify and Prepare Your Successor.....5

Determine What’s Next: Your Personal Succession Plan.....7

Gather the Four Fundamental Human Elements

While many people believe the individual tasked with the care and feeding of your business after you leave is the most essential component of succession planning, I believe that's only one of the four fundamental human elements that are critical to the long-term viability of "your baby." As you start down the path of succession planning, it's imperative to identify and gather the essential people who will ensure a smooth and proper transition.

- **An agile leader/owner.** It's hard to think about leaving something you've worked so hard to build up, but to ensure a successful transition, you must demonstrate a willingness to modify your thinking in a fresh, powerful direction and embrace new behaviors. Unfortunately, the biggest obstacle to a smooth succession is usually the person who's stepping away. You must banish what I call transition terrors by acknowledging your role in the process as well as making a concrete plan and sticking to it.
- **Committed team members.** If you operate your practice in a way that makes you indispensable to it, its value will be lessened in your absence. It's far better to empower your key employees to play an important role in the business's success, and then motivate them via emotional and financial incentives to remain after you leave. They will be invaluable with respect to helping your successor through the transition and on an ongoing basis.
- **A stellar successor.** Yes, identifying, assessing and retaining your successor is of critical importance, whether that individual comes from within the practice or outside it. In either case, I suggest assessing candidates' values, personal characteristics, strengths and fit with the culture of your practice. Formal assessments like MBTI as well as structured behavioral interviews may help you through this process. It can't be understated that you must choose wisely.
- **Client advocates.** Would you have a business without clients? Of course not, so it's important to bring them into the transition process to help ensure sustainability. Once you've selected your successor, introduce that person to your clients with the aim of building their confidence in his or her ability to provide the same high level of service they're accustomed to receiving from you.

By managing these four fundamental human elements of a succession plan, you build up trust and credibility in the transition.

I suggest assessing candidates' values, personal characteristics, strengths and fit with the culture of your practice. Formal assessments like MBTI as well as structured behavioral interviews may help you through this process. It can't be understated that you must choose wisely.



Identify and Prepare Your Successor

As an experienced leader, you owe it to your clients to not just identify an heir apparent, but to help that person adopt a leadership role before the transition takes place. This is especially important when the successor is significantly younger than you; in those cases, it's even more critical for you to take steps to ensure your clients gain confidence in the successor.

In an ideal situation, you should select your successor and bring that person into the practice five years before you plan to step down; this gives your team and your clients plenty of time to become familiar with the “new you,” provides the chance for you to gain confidence in your choice, and supports a seamless transition.

In family businesses, when it is your adult child who needs to be elevated in the eyes of clients and the team as a worthy successor, you need to ensure all behavior is professional and doesn't reflect the child-parent relationship. That means not being patronizing in either actions or tone of voice during public interactions—since that can prove harmful from both a client and team member perspective.

When a successor has been adequately prepared, there will be limited or no disruption when that person takes the reins—as both clients and team members will have had a chance to see the “new blood's” competence in action. Adequate preparation includes having you follow the actions noted above as well as modeling the successor's behavior for other people and publicly demonstrating your faith in his or her ability to take over.

Vital Actions to Prepare Your Successor

- Bring them into important meetings
- Introduce them to top clients
- Give them additional responsibility and authority
- Present them as a credible successor
- Support their role with the current team
- Help them develop a successful communication style and a leadership presence

In family businesses, when it is your adult child who needs to be elevated in the eyes of clients and the team as a worthy successor, you need to ensure all behavior is professional and doesn't reflect the child-parent relationship.



Determine What's Next: Your Personal Succession Plan

As a business leader, you understand the need to have a carefully designed succession plan to ensure the sustainability of the operation for the long term, starting with a smooth “handoff.” While it sounds rather easy to draft and implement such a plan, reality is far different—and one of the biggest stumbling blocks are owners who just won’t let go.

The MIT Age Lab and Hartford Funds, as part of its research into the benefits and challenges of living longer, came up with three core questions older people should answer to find clarity and purpose in their golden years:

- Who will change my light bulb? (How will everyday tasks get done?)
- How will I get my ice cream cone? (How will I get around?)
- Who will I have lunch with? (What will my social network look like?)


Obviously, these questions are broad and apply to anyone who’s lived to a ripe, old age. I’ve come up with another set of questions that can be invaluable for business owners to ask themselves as they contemplate post-business life:

- What will my calendar look like? (How will I fill my days?)
- What will keep me from snooze button overuse?
(What will motivate me to get out of bed?)
- How will I retain valued connections? (Who will remain in my social circle?)

In answering these questions, business owners participate in the process of creating a whole new world for themselves—a world that must have purpose and ways to measure success that are much different than those found in a corporate setting. With a clear focus on what comes next, it becomes easier to step away from what’s known and comfortable to enter into an exciting new chapter of life.

Notice I didn’t say it is easy, because it certainly is not. It takes a good deal of work for business owners to basically recreate their identities, since their entire lives have been focused on one goal that is no longer applicable: being a successful entrepreneur. Those who fail to create a clear picture of what their lives will look like after transitioning out of the business are the ones who often inadvertently sabotage their carefully designed transition plans to the detriment of themselves and their businesses.

Creating a strategy to transition from a leader in your business to a new role outside of the business ensures a seamless succession process. Not only do you provide your successor with the ability to take the handoff and run with it, you create a personal post-business plan for your life.



Those who fail to create a clear picture of what their lives will look like after transitioning out of the business are the ones who often inadvertently sabotage their carefully designed transition plans to the detriment of themselves and their businesses.



About Dr. Denise P. Federer

Clinical psychologist and executive coach Dr. Denise P. Federer is the founder and principal of Federer Performance Management Group, LLC. She brings more than 20 years experience as a clinician, researcher, speaker, author and consultant to her work as a performance coach.

Dr. Federer, who received her B.A. in Psychology from the Honors Program at the University of Michigan and her PhD in clinical psychology from Nova University, is an expert in stress management, health and wellness, communication styles, performance enhancement and motivational strategies. She has extensive experience providing guidance to leading U.S. firms and their executives and in private practice as a psychotherapist to couples, families and individuals—an intense focus that has led to her interest and expertise in peak performance coaching and in the unique dynamics of closely held and family-owned businesses.

Dr. Federer is a member of the International Coaching Federation (ICF) as a credentialed Professional Certified Coach (PCC).

She has also received certificates in Family Business Advising and Family Wealth Advising. Her professional affiliations over the past twenty four years include the following:

- National Register of Health Service Providers in Psychology
- American Psychological Association
- National Association of Women Business Owners
- National Association of Female Executives
- Society for Psychologists in Management



TRANSFORMING VISIONS INTO RESULTS

For more information:

VISIT www.federerperformance.com

CALL 813.876.7191

EMAIL info@federerperformance.com