

Plan ahead

Why succession planning starts yesterday

Succession should be at the forefront of every business leader's priorities. The best CEOs, boards and management teams know this and put as much emphasis on succession as they do running the day-to-day operations of the business. Succession planning is often neglected as other (short-term) business matters trump proper planning. Although a painstaking and time consuming task, it is far less costly than being without a strategy in play. The reactive state of filling open positions and the true cost associated with this approach, in many cases, could have been avoided if proper planning was done earlier.

In January of 2004, Peter Burg, then CEO of First Energy, passed away prematurely. Although his were big shoes to fill, Tony Alexander was promoted to the CEO role and to those outside, First Energy never missed a beat. What most outsiders never realized was that Alexander was being groomed and developed for that role years before the transition actually took place. I was fortunate to work with Alexander, as well as key board members and executives during this time. As I spent time with these people, there was clearly sadness about the passing of Burg, but not a sign of panic or concern about the transition. The executives who surrounded Alexander knew that he was ready to assume the role. First Energy had prepared for this moment and was able to successfully make the succession move.

Transition at this level is rarely seamless, especially when due to the untimely death of an executive. However, we would all have to agree that First Energy has not only survived the transition, but has continued to move forward as a business. When you look at companies who have stood the test of time and continued to grow, succession is a key reason for their success.

Another local example of proper succession planning would be Parker Hannifin. It is common to see managers and executives with 10, 20 and even 30 plus years of tenure with the business. Parker



Chris Carmon
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Hannifin is one of the best companies in our region for effectively executing promotion from within the business. They identify high potentials early in their career and develop career paths that enable the employee to continue their career development, creating higher employee retention due to a defined growth path. Their talent is fluid, moving from divisions to corporate level roles to gain the necessary experience to manage functional areas, divisions and even groups for the business.

Parker Hannifin has also been flexible to offer key individual contributors, managers and executives the ability to maintain their residence while working at locations that are not close to their homes. This has further contributed to Parker Hannifin's ability to better retain talent long-term which by default supports succession strategies. Many companies tend to push great succession talent away by not offering more flexible work arrangements, forcing this talent to pursue other companies that are in their backyard.

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Succession planning is never a perfect science. Companies should dive deep into their talent pool, building multiple scenarios and contingencies whenever possible. The succession plan should be assessed on a regular basis to ensure that the plan is moving in line with the business's progression. Talent that may be deemed for succession roles today may not be the right choice as time moves on. Companies need to react to this evolution to ensure that the talent is developed appropriately or that other talent is identified who may better fit the future succession needs.

We see it all too often in business. Leadership hits the panic button in an effort to backfill a role as unforeseen challenge become a reality. Top talent is becoming increasingly hard to find. Once you find it, take the proper steps to retain that talent by investing in succession planning. In my experience, there are two types of companies: those that grow and hold onto talent for the long-term and those that develop talent for other businesses to benefit. Make sure your business is on the right side of this equation. <<

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