



**Aligning
Organizational
Performance
With
Shareholder
Expectations**

NEWS RELEASE

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FOR IMMEDIATE RELEASE:

A BUSINESS SUCCESSION STRATEGY WITHOUT A MANAGEMENT SUCCESSION PLAN CAN RESULT IN A LOST LEGACY, SAYS ACCLAIMED BUSINESS STRATEGIST JIM GEIER

When lawyers, accountants, financial advisors and business owners look ahead to plan business succession, they discuss legal documents, tax code, investment returns and valuation (usually 10x EBITDA!). Rarely does anyone mention management succession. This is surprising because most owners, especially family owners, care about their legacy, yet without a solid management succession plan, the "family legacy" will be in jeopardy.

What is management succession planning? Simply put, it is the act of focusing on the future of your organization as it relates to the "people" side of the business. Typically, most people think of succession planning as it relates to replacing a retiring CEO. However, it is equally crucial to extend succession planning to the entire management team and even to other key employees. Proper management succession planning is often the difference between the continuity of a viable, thriving organization and one that goes out of business.

Here are 5 valuable tips for developing a succession planning process include:

1. Management succession planning should be an ongoing process started well before businesses transition. Management should always be cognizant of who are the organization's best people, at every level. They should incorporate an ongoing initiative to get to know potential up-and-coming employees by understanding their backgrounds, experiences, and talents in order to groom them for the next steps in their careers. In particular, a CEO should identify between five and ten people in key positions on whom they are going to focus, in order to "observe" them in various situations and scenarios. This becomes the core succession group and key to your succession success.

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2. How does one identify the five to ten key positions? One might begin with senior management, who are direct reports to the CEO/owner, and add key management positions throughout the organization. Usually the initial positions selected will be the top finance, sales/marketing, manufacturing, operations, legal, and human resources jobs.

3. How does one know what type of qualities are needed in the succession management group? Develop a job outline or job description of each of the identified positions. Be sure to include duties/responsibilities, background/experience required, competencies/behaviors needed and required accountabilities. In addition, it will be valuable to outline the type of actual job experiences or positions, that you feel each person must have touched in their career, either within your company or at another employer.

4. When does one communicate to the person that they are being considered for the succession management group? Tread slowly! There are varying thoughts on the subject of whether or not one should tell someone they are a potential successor until the time comes. I believe it is important for key employees to understand their potential future with the company, especially to enhance enthusiasm and loyalty even in the short term. Overall, it is best to make the decision that is right for your company.

5. What if you don't have internal successors? Depending on the size of your business, it might be hard to develop someone internally. Therefore you may need to hire from outside your organization to fill your need. That is okay as long as you spend time identifying the qualities and experience you'll need to have in the person you select for the role.

In closing, the responsibility for succession planning rests with the entire management team and not just the CEO. It is their collective responsibility to take the long view and adopt a legacy approach to management so that your work, culture and values will carry on.

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Human Capital Consulting Partners is a full service consulting firm, specializing in working with businesses to plan and implement organizational and cultural change management initiatives, organizational assessment, workforce planning, compensation strategies, succession strategies, and executive search. Founded in 2004 by acclaimed thought leader Jim Geier, HCCP specializes in the alignment of organizational performance with shareholder expectations. Clients include owners, shareholders, boards of directors, and C-suite executives representing a diverse range of industries who seek the most effective ways to maximize their company's human capital relative to their business model, strategies and goals.

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